

Meeting:	Audit and Risk Committee
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Report of:	Corporate Director of Resources

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## Updating the Constitution's Financial Regulations

### 1. Synopsis

- 1.1. This report provides Audit and Risk Committee with the council's draft updated Financial Regulations, for review before being presented to Full Council.
- 1.2. The council is undertaking a review of its Constitution to ensure it is fit for purpose, and this includes updating the Financial Regulations. The regulations provide a framework for sound financial management and decision-making, ensuring that resources are used legally, and in accordance with the council's financial controls. Keeping the regulations up to date will help Members and officers take robust decisions more confidently.
- 1.3. This report sets out the main changes to the Financial Regulations, a full copy of which is provided in Appendix A.
- 1.4. A schedule of key changes is attached at appendix B
- 1.5. These regulations have been presented to the constitution working group for approval before being submitted to the Audit and Risk Committee.

### 2. Recommendations

- 2.1. To approve the changes to the council's Financial Regulations attached at Appendix A.
- 2.2. To authorise the Corporate Director of Resources to approve minor amendments to the Financial Regulations prior to their submission to Full Council for approval.

### **3. Background**

- 3.1. The Constitution sets out how the council operates, how decisions are made and the procedures which are followed to ensure decision-making is efficient, transparent, and accountable to local people.
- 3.2. On 13 March 2023, the Audit and Risk Committee approved Terms of Reference for a review of the Constitution to ensure it is up to date and fit for purpose. This review is being overseen by the Constitution Review Working Group, comprising Legal and Governance officers, the Chair of Audit and Risk Committee and Deputy Leader and the Executive Member (Resources).
- 3.3. On 18 March 2024, Audit and Risk Committee received an update on the constitution review. The members of the Committee discussed whether it was appropriate to appoint an external advisor. It was felt that to ensure value for money a working group of members should be established initially to see whether external support was necessary. It was suggested that the working group be facilitated by the Executive Member for Finance, Planning and Performance and that it consider the scope of the review. It was also suggested that the Monitoring Officer provide a scope and timeline for the review and that an action plan be brought to a future Audit and Risk Committee meeting.
- 3.4. Phase 1 of the Constitution review includes updating the council's Financial Regulations, which appear in Part 6 of the Constitution. Financial Regulations provide the framework for managing the council's financial affairs. They are a key component in ensuring the security of the assets under the council's control and for ensuring that the use of these resources is legal, is properly authorised, and provides value for money.
- 3.5. The regulations apply to every Member and officer of the council and anyone acting on its behalf. They do not apply to Islington Council's Pension Fund, as management of the pension fund is a non-executive function. Islington Council's schools each have their own separate financial regulations, based on the Schools Model Financial Regulations provided by the council.
- 3.6. The review of the council's Financial Regulations has been led by the Deputy Director of Finance – Corporate; with contributions from key officers across the finance team. The Constitution Review Working Group has received regular updates on progress. The aim is to present the revised Financial Regulations to CMT, to Audit and Risk Committee on 18 November 2024 and to Full Council for approval on 12 December 2024. The overall updated Constitution is to be reported to Council in May 2025.

#### **Changes to the Financial Regulations**

- 3.7. The Financial Regulations are divided into ten sections and cover both capital and revenue resources. This overall structure remains unchanged. The main changes to the regulations are:

- updating job titles and references to legislation and statutory guidance throughout;
- inclusion of a section on journals (paragraphs 2.23 – 2.24)
- Streamlining and updating the regulations for capital processes.
- inclusion of a glossary (section 9) to aid understanding of technical jargon;
- inclusion of the draft Scheme of Authorisation which sets standardised limits for officer approvals (section 10).

3.8. Other minor changes to the regulations include

- clarifying that opening a new bank account requires the approval of two authorised signatories (not one), one of whom must be the S151 officer (paragraphs 6.2(iii) and 8.22);
- updating the process for appointing external auditors (paragraphs 8.14 and 8.15);
- adding a description of the role of the Corporate Resources and Economy Scrutiny Committee (paragraphs 2.6 – 2.7); and
- rewording the text in places to make it clearer, whilst not changing what it is required by the regulations, e.g. on revenue budget setting (paragraphs 3.1 – 3.7).

3.9. A full copy of the Financial Regulations with tracked changes and a clean version without tracked changes is provided in Appendix A.

### **Changes to Capital Finance Regulations**

3.10. The capital expenditure finance regulations have been rewritten to make them more streamlined and clearer to follow and understand how to take actions. They have also been rewritten to be more consistent, in format and content, with the revenue finance implications.

3.11. Within the capital regulations there has been one change to officer thresholds. Previously, virements could be approved as follows:

- Up to £0.500m Corporate Directors
- Up to £1.000m Chief Finance Officer
- Above £1.000m Executive

3.12. The proposed new regulations breakdown virements into three types, consistent with the revenue finance regulations. These are technical adjustments, inter- and intra-directorate virements. The proposed approvals are:

- Technical adjustments of all values by S151 Officer
- Up to and including £0.500m by Corporate Directors for intra- and inter-directorate virements
- Over £0.500m and up to and including £5.000m by Executive
- Over £5.000m by Full Council
- All inter-directorate virements require S151 Officer approval additionally
- All virements considered to change scope of the budget's purpose require Monitoring Officer approval additionally.

- 3.13. The existing capital regulations specify slippage can be approved up to £1.000m by the Chief Finance Officer and over £1.000m by Executive. They do not specify budget accelerations or clearly cover budget additions and reductions. The proposed new regulations will specify that acceleration and slippage of all levels are technical adjustments to be authorised by the Section 151 and noted by Executive. It is proposed additions and reductions up to and including £5.000m can be approved by Executive, and over £5.000m by Full Council. This will take away some powers from Full Council and give them to the Executive.
- 3.14. This proposed change in limit is based on the magnitude of the capital programme and pattern and frequency of budget reprofiling requests in recent times, and is consistent with key decision thresholds. This can be further reviewed as work continues on the wider constitution. As Full Council meets 4 times a year, Executive having an increased authorisation level will assist in continuation of projects and operations as these decisions can be taken more frequently without relying on urgency procedures.
- 3.15. An exception to this is any additions to the capital programme which create a new borrowing requirement for the council will require approval of Full Council following recommendation from the S151 Officer.
- 3.16. It is intended now that assets earmarked for disposal (for example of little strategic importance) will be on a list agreed by Executive (with urgent disposals to be agreed by the leader). This will mean no asset can be sold without member approval.
- 3.17. Legal services are required to sign off on all legal documents which covers all leases and property purchases and sales above the key decision threshold. S151 Officer consent is required for all new leases being entered into above the key decision threshold, whether the council is lessee or lessor.
- 3.18. The Capital and Asset Strategic Board (CASB) will have a key role in enforcing the capital finance regulations and operational application of them. Examples of how this role will be executed are:
- any virement requests to access contingency budgets will need to be taken via the board as part of getting S151 Officer agreement
  - decisions regarding leases, asset acquisitions and disposals will need to be taken via the board to either note or seek authorisation from the S151 and Monitoring Officers

### **Scheme of Authorisation**

- 3.19. The Scheme of Authorisation (SoA) is a documented list of financial authority levels attributed to specific staffing grades across a number of financial processes. This serves the purpose of enhancing control over spending limits and technical accounting decision making.

- 3.20. The first section relates to budget controls and stipulates that budget adjustments / virements are approved by corporate directors and above. This helps ensure that initial budget figures are locked down to facilitate accurate budgetary performance analysis.
- 3.21. The second section focuses on Income controls. Debtor write-off limits are stipulated with increased levels of staff hierarchy involved in higher write-off values. This serves the purpose as an accounts receivable performance monitoring tool, and an anti-fraud measure.
- 3.22. The third section focuses on expenditure controls. Simply, as the values in procurement contracts and expenditure levels increase, then the authority level required in staff hierarchy increases. There are different levels set dependant on type of expenditure, e.g. approval of invoices have different levels compared to procurement cards. These standardised limits ensure uniformity and fairness across the council between staffing levels and their financial responsibility. This also makes managing user permissions within systems more streamlined and easier to setup and administer.
- 3.23. In consideration to expenditure controls, there has been some work done within finance systems to identify the existing userbase and analyse the current limits set versus the Scheme of Authorisation limits. There will need to be a piece of work done to reset the systems permissions so that user accounts are reflective of the SoA limits. The following impacts are:
- Alusta – 127 out of 470 users will have their limits reduced, whilst 26 users will see an increase in limit. This increase is due to the bottom level of £499 for invoice approvals being removed, and up to £5,000 being the bottom limit. The reason for this is to streamline user roles in anticipation for Procure to Pay rollout, which will require a whole new level of requisitioners to be setup and licensed.
  - E7 Financials – 95 out of 344 users will have their limits reduced, with 93 users seeing an increase in limits.
  - Procurement cards – 92 out of 316 users will have their limits reduced. The use of Procurement Cards is going to be reviewed because under a controlled, procure to pay environment, procurement cards should mostly become redundant – and used for very few specific circumstances only. Work to review these will commence during 2025.
- 3.24. This will have a balanced effect in workload, with some users seeing increased responsibility and others with reduced levels. But this is necessary to ensure sufficient staffing grades are responsible for higher invoice amounts and budgetary control. There may also be a further review to which users may even lose responsibility for example procurement cards may be withdrawn from certain users.
- 3.25. The remaining items in the SoA relate to technical accounting items surrounding Treasury, Banking, Capital and Grant activities. The limits for these have been set to

ensure that suitably qualified, senior staff have the responsibility for actioning and making decisions on these items.

### **Constitution Working Group**

3.26. Following the constitution working group meeting of the 14<sup>th</sup> October and member queries, officers have made some tweaks to the regulations:

- Strengthened narratives around process required before lease sign offs when we are the lessor, including counterparty reviews.
- Added the valuations are determined as at the balance sheet date by the external valuer (and are audited). It is suggested this can be revalued if:
  - 6 months has passed
  - A material event has occurred
  - The asset is not held at fair value
- Added a control that all possible non-residential disposals to be approved must be on an agreed list by members before a sale can be sought. This ideally would be through the SAMP, but otherwise through quarterly monitoring to Executive. Any contentious ones of key municipal interests can be removed at this point.
- Any asset sales that require secretary of state approval to be approved via Full Council.
- Minor narrative clarifications and streamlining of wording
- Added clarification that moving budget from one code to another within the same department for the same purpose is not a virement and therefore rules do not apply.

### **Implications**

#### **4. Financial Implications**

4.1. There are no direct financial implications as a result of the recommendations in this report, although a framework of effective financial regulations are required to minimise financial risks to the Council such as fraud or poor governance.

#### **Legal Implications:**

4.2. Section 151 of the Local Government Act 1972 requires that the council makes arrangements for the proper administration of its financial affairs. A periodic review of the Council's Financial Regulations is part of the mechanism of ensuring sound governance arrangements in accordance with good practice. Local authorities are under an explicit duty to ensure that their financial management is adequate and effective and that they have a robust system of internal control and management of financial risk. The measures in this report support that requirement.

## **Environmental Implications and contribution to net zero carbon by 2030.**

4.3. There are no environmental impacts arising from this report.

### **Resident Impact Assessment**

4.4. The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

4.5. A resident impact assessment has not been carried out since the contents of this report relate to a purely administrative function and there are no direct impacts on residents.

## **5. Conclusion and reasons for recommendations**

5.1. The proposed updated Financial Regulations reflect the latest regulatory and statutory requirements including the council structure and roles. They provide greater clarity on overall financial protocols for the council and identifies who has responsibility for decision-making.

### **Appendices:**

Appendix A - revised Financial Regulations, with tracked changes and a version without tracked changes

Appendix B – Schedule of changes

### **Background papers:**

None

Final Report Clearance: 8 November 2024

**Signed by:** Corporate Director of Resources

**Received by:** Head of Democratic Services



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# ISLINGTON COUNCIL

## FINANCIAL REGULATIONS

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# FINANCIAL REGULATIONS

- 1: INTRODUCTION
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## 1.4 INTRODUCTION

- 1.1. 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 council's financial affairs. The regulations apply to every Member and officer of the council and anyone acting on its behalf.~~ 1.1 ~~–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. 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.~~
- 1.3. 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. 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 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 the Full Council, and/or Executive Members.~~

1.5. ~~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. ~~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 Recorded Decision and Key Decision thresholds and procurement regulations.

## 1.2 — FINANCIAL MANAGEMENT

### 2.

#### INTRODUCTION

1.1.2.1 — Financial management covers all financial accountabilities in relation to the running of the council Authority, including the policy framework and budget.

### 2.1.

2.2.2.2 — 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. ~~2.3~~ — FThe full Council is responsible for:

- adopting the Council's Constitution (including the Financial Regulations) and Members' Code of 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 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 Constitution;
- approving the setting and revision of the prudential indicators as defined under the CIPFA<sup>1</sup> Prudential Code;
- approving any other strategy or policy as specifically required by an Act or regulation.

## THE EXECUTIVE

2.4.2.4—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 CIPFA Prudential Code, to ~~the 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 Council'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. 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 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

<sup>1</sup> Chartered Institute of Public Finance and Accountancy  
Part 6 – Financial Regulations  
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- considering the council's arrangements for risk management.

## POLICY AND PERFORMANCE CORPORATE RESOURCES AND ECONOMY SCRUTINY COMMITTEE

2.6 ~~2.6~~—The Policy and Performance 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 can 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 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 ~~2.7~~—The Policy and Performance 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)

2.8 ~~2.68~~—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-~~departmental~~~~director~~~~director~~~~al~~ budget transfers that exceed virement limits.
- Advising on procedures for recording and reporting key financial decisions and their effective operation;

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~~CHIEF FINANCE OFFICER AND SECTION 151 OFFICER~~  
~~(Corporate Director of Resources DIRECTOR OF FINANCE AND PROPERTY)~~

2.9 ~~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.

2.10 ~~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;
- .

2.11 ~~2.119~~ Section 114 of the Local Government Finance Act 1988 requires the ~~S151~~~~Chief Finance~~ Officer to report to the ~~F~~ull 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 ~~2.120~~ Section 114 of the Local Government Finance Act 1988 ~~Act~~ also requires the S151 Officer to:

- report to cCouncil if it appears that the expenditure of the cCouncil 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.

2.13 2.131 Section 25 of 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 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 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

2.16 2.163—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 from time to time.-

2.17 ~~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

2.18 ~~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 Monitoring Officer who shall be satisfied that the Council has the statutory powers under which the expenditure will be incurred.

### COMMITMENTS INTO FUTURE YEARS



2.19 ~~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.

2.20 ~~2.2017~~ All ~~the~~ council Authority's decision-making bodies must be informed of the implications for future years of any spending decisions being they're making.

2.21 ~~2.2118~~ Where decisions will lead to levels of expenditure in future years that exceed budgeted amounts in the Ccouncil'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, ~~w2.2219~~ 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 ~~f~~Full Council.

## JOURNALS

2.23 ~~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 ~~2.24~~ The council's journal protocol covers the use of journals and journals authorisation levels for financial monitoring, control and audit purposes. The journal protocol this is updated on a regular basis. The journal protocol and must be adhered to by all parties.

## 3. 3 — REVENUE EXPENDITURE

### REVENUE BUDGET SETTING

3.1 ~~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~~ 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.~~
- 3.3 ~~3.33~~ The Chief Finance Officer (S151 eOfficer) 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~~ 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.~~
- 3.5 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.~~
- 3.6 3.56 ~~The Executive will, on consideration of the annual budget setting report from the Executive Member for Finance, make recommendations to the Full CeCouncil regarding the budget and council tax requirement.~~
- 3.7 3.67 ~~The Full CeCouncil, having considered the recommendations of the Executive shall set the council tax and budget for the following financial year before the 11<sup>th</sup> 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 cCouncil 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.

3.8

~~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

~~3.9~~ 3.811— Variations to the budget approved by Ffull CcCouncil, subject to their~~er~~ being no increase in the councilAuthority's net budget requirement, will be permissible in the circumstances set out in paragraphs 3.11912 to 3.1922 below.

3.10 ~~The following technical adjustments to budgets on the financial system will not be considered a variation to the revenue budget and can be actioned by officers in accordance with internal process:~~

- ~~• 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. 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). The s151 Officer or their deputy must approve these transactions.~~

### 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 Cccouncil's approved net budget must be approved by the relevant Corporate Director and the S151 OfficerChief 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 pensions adjustments etc.) or where the budget adjustment reflects a previously approved decision (e.g. transfer from reserves or the transfer of a function between department/directorates). 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~~ ~~3.15~~ ~~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~~ ~~3.16~~ ~~13~~ — Subject to the restrictions and definitions above, the responsibility for approving intra department/directorate virements is ~~as follows~~: -

- ~~a)~~ 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.
- ~~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.

~~3.14~~ ~~3.17~~ ~~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/Directorate Virements

~~3.15~~ ~~3.18~~ ~~15~~ — An inter-department/directorate 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~~ ~~3.19~~ ~~16~~ — Virements with a value exceeding £500,000 must also be approved by the Executive before the virement is processed.

~~3.17~~ ~~3.20~~ ~~17~~ — All inter-department/directorate 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~~ ~~3.21~~ ~~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.

- 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);
- 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.

d) —

### Contingency Allocations

3.19 ~~3.2219~~ — 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 in conjunction with the Executive Member for Finance to the Executive to be allocated. Theywho shall\_ have the authority to agree such allocations up to the value of the available contingency budget.

## REVENUE BUDGET MONITORING AND CONTROL

3.20 ~~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.

3.21 ~~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 (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 cost centre budget area heading;
- 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 3.229 — The Executive shall receive regular reports setting out in respect of each department/directorate, the projected income and expenditure for the relevant financial year and variances, if any, from the agreed department/directorate 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.

3.23 3.2310 — If any department/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

3.24 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

3.25 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

~~3.26~~ ~~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~~directorate are able to write off individual debts (or aggregate debts for one customer) of up to £1,0,000 ~~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 and Risk Committee on an an annual basis.

## FEES AND CHARGES AND OTHER INCOME

~~3.27~~ ~~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.

~~3.28~~ ~~3.2728~~ — Every sum received by a cashier or officer of the cCouncil shall be immediately acknowledged by the issue of an official receipt.

~~3.29~~ ~~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.



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

3.31 ~~3.301~~ 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.

3.32 ~~3.312~~ 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.~~

~~Pipeline 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 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 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 Capital Scheme or project shall take place unless:-~~

~~i) that scheme was 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 cCouncil'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 cCouncil's Procurement Rules.~~

~~4.76 There shall be delegated to the S151 Chief Finance Officer, the authority to incur expenditure up to and including £1500,000 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 cCouncil's house purchase scheme, subject to such limits as the cCouncil 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 0.51%.~~

~~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 Capital Sscheme;~~
- ~~iv. dependency on other overrunning projects;~~
- ~~v. delays as a result of external factors over which the cCouncil 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 be 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 which 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 0.51% and subject to the resources being available.~~

~~4.18 — Any such authorisation that increases the overall budget for the Capital Programme by more than 0.51% 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 Ccapital 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.~~

### 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 fFullthe Council regarding the capital programme.

4.5. TheFull 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 in below. Reprofile 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 fund 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.

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. 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
- Up to and including £1,000,000 by S151 Officer and reported to 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 belonging 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 £45,000,000 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/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 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 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 cCouncil.

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~~<sup>S151</sup> 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~~<sup>Authority</sup>.

5.8 The ~~Chief Finance~~<sup>S151</sup> Officer must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory. ~~He or she~~<sup>They</sup> must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. ~~He or she~~<sup>They</sup> 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 ~~c~~<sup>c</sup>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 consult~~<sup>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 councils financial strategy and objectives.</sup>

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 c~~<sup>Council's recordable decisions policy and key decision thresholds are</sup> 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~~<sup>Corporate Directors responsible for expenditure funded wholly or partly by external funding</sup> 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

5.152 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.

5.136 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 cCouncil;
- v. proper contractual documentation is maintained;
- vi. proper accounting and reporting arrangements exist.

## GRANTS TO OUTSIDE BODIES

5.174 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.~~

5.46158 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.

5.169 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.~~

5.4207 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 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.

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

5.4229 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.

~~5.203 Where the council receives government grants for onward distribution to third parties, the council must ensure grants are awarded in accordance with any conditions stipulations 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 cCouncil adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code) ~~20024~~ 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 (TM~~SPS~~), 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 TM~~S~~SP.
- 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~~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 F~~full C~~e~~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 c~~Council~~ officers tasked with Treasury Management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

## 7. 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

7.1. 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. 7.1—

7.2. Materials, plant, machinery, fittings, equipment, stocks or inventoriestores 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.

7.3.7.2—Before the disposal of any leased asset, Corporate Directors shall consult with notify the ~~S151 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

7.4. 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.

7.5.7.3.—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.

7.6. 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

4.2.7.4—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.

7.7.

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

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

7.9 Prior to disposal of land assets, they must be included in the Executive approved list of assets for disposal. In all cases below, the Deputy S151 Officer can act on behalf of the S151 Officer in their absence. For urgent approval of assets for disposal, this must be through the express approval of the Leader of the Council.

<b>Acquisition and disposal of land assets (land and real property) and leases</b>		
<b>Description</b>	<b>Limit / Value</b>	<b>Approver</b>
<p><u>Acquisition of land or real property other than by compulsory purchase order</u></p> <p><u>(Value can be reasonable estimate prior to entering into contract)</u></p>	<p><u>Up to £1m; and for 20 years or less</u></p> <ul style="list-style-type: none"> <li><u>Above £1m and for more than 20 years</u></li> </ul>	<p><u>S151 Officer</u></p> <p><u>Executive</u></p>
<p><u>Acquisition of the leasehold interest in former council owned homes sold under RTB to facilitate approved redevelopment schemes</u></p>	<ul style="list-style-type: none"> <li><u>Any value</u></li> </ul>	<ul style="list-style-type: none"> <li><u>S151 Officer</u></li> </ul>
<p><u>Disposal of freehold interests in land assets with the exception of void council owned homes, and grant leases at a premium</u></p>	<p><u>Capital receipts up to £1.5m, where it represents best consideration reasonably obtainable, having taken professional advice</u></p> <ul style="list-style-type: none"> <li><u>Capital receipts above £1.5m</u></li> </ul>	<p><u>S151 Officer</u></p> <p><u>Executive</u></p>
<p><u>Disposals of void council owned homes</u></p>	<p><u>Best consideration reasonably obtainable of up to £3 million</u></p> <p><u>Best consideration reasonably obtainable of more than £3 million</u></p>	<p><u>Corporate Director Homes and Neighbourhood</u></p> <ul style="list-style-type: none"> <li><u>Executive</u></li> </ul>



<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>— <u>Any value but not including street properties held under Part II of the Housing Act 1985 used solely for housing purposes</u></p> <ul style="list-style-type: none"> <li>• <u>Any value of street properties held under Part II of the Housing Act 1985 used solely for housing purposes</u></li> </ul>	<p>— <u>S151 Officer</u></p> <ul style="list-style-type: none"> <li>• <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></li> </ul>
<u>Acquiring Leasehold and Freehold interests</u>	<ul style="list-style-type: none"> <li>• <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></li> <li>• <u>Over £5m purchase price on freeholds or capital premium on leaseholds</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>Corporate Director responsible or Corporate Landlord or Corporate Director responsible for HRA when Housing related, otherwise or S151 Officer</u></li> <li>• <u>Executive</u></li> </ul>

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

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

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

<sup>1</sup> \*Note for all values above, they are to be determined by the Council's external valuer's most recent valuation as at 31<sup>st</sup> March of the most recent year. 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.

<b>Post</b>	<b>Power</b>	<b>Restriction</b>
<u>Chief Finance Officer (or Deputy Chief Finance</u>	<u>To acquire land or real property other than by compulsory purchase order</u>	<u>i) — where the consideration for the acquisition (or reasonable estimate prior to entering into a</u>

<p>Officer, in the absence of the Chief Finance Officer)</p>		<p>contract) does not exceed £1m; and  ii) the interest acquired is for 20 years or less</p>
<p>Chief Finance Officer (or Deputy Chief Finance Officer, in the absence of the Chief Finance Officer)</p>	<p>To dispose of the Council's freehold interests, with the exception of void council owned homes, and grant leases at a premium</p>	<p>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.</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  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</p>	

	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 <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>PeopleChildren'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	
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~~7.6~~ Corporate Directors will ensure that the ~~c~~Council does not enter into leases without first obtaining the consent of the ~~S151~~Chief Finance Officer and, if applicable, approval of the relevant scheme in the capital programme.

~~7.10.~~ 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.

~~7.11.7.7~~ Corporate Directors will provide the ~~S151~~Chief Finance Officer with details of all current leases and agreements under which the ~~c~~Council 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 ~~council~~Authority. 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 ~~council~~Authority's risk management policies and for promoting them throughout the ~~council~~Authority.

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.

### 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 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.

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

~~8.10~~ 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.

8.121 The Audit and Risk 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.

8.1412 ~~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 and Risk 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.

8.2046 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/hers/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 cCouncil's ICT Security Policy Framework.

## BANKING ARRANGEMENTS

8.1822 The Chief FinanceS151 Officer is responsible for making arrangements with the cCouncil'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 cCouncil 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 cCouncil 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 cCouncil to sign such mandatessign cheques; or
- iii) CHAPS transfer direct to the recipients account by one of the named officers authorised by the Chief FinanceS151 Officer;
- iv) Debit cards including e.g. purchase cards in accordance with procedures approved by the Chief FinanceS151 Officer;
- v) Any other electronic payment method approved by the S151Chief Finance Officer.

8.2024 All monies received for or /on behalf of the cCouncil 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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<b>Term</b>	<b>Explanation of term</b>
<u>Accrual</u>	<u>An accounting principle where 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.</u>
<u>Asset</u>	<u>An item having value to the council in monetary terms. Assets are categorised as either current or non-current:</u> <ul style="list-style-type: none"> <li>• <u>A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock);</u></li> <li>• <u>A non-current asset provides benefits to the council and to the services it provides for a period of more than one year and may be tangible e.g. a community centre, or intangible, e.g. computer software licences.</u></li> </ul>
<u>Balances (reserves)</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>Budget</u>	<u>A forecast of the council's planned expenditure and income, either over a set period or for a specific project.</u>
<u>Capital expenditure</u>	<u>Expenditure on the purchase, construction and enhancement of council assets such as houses, offices, schools and roads. Expenditure can only be treated as 'capital' if it meets the statutory definitions and is in accordance with accounting practice and regulations.</u>
<u>Capital receipts</u>	<u>Income received from the sale of land, buildings and other capital assets. These can be used to finance new capital expenditure within rules and limits set by the government, but they cannot be used to finance day to day spending.</u>
<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.</u>

<u>Term</u>	<u>Explanation of term</u>
	<u>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>

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## 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>• <del>S151 Officer</del></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"> <li><u>Intra-<del>department</del>directoraldirectorate virements</u></li> </ul>	<ul style="list-style-type: none"> <li><u>Up to £0.250mk</u></li> <li><u>Between £0.250mk and £0.500mk</u></li> <li><u>Over £0.500mk</u></li> </ul>	<ul style="list-style-type: none"> <li><u>Corporate Directors (and reported to S151 Officer)</u></li> <li><u>Both Corporate Director and S151 Officer</u></li> <li><u>Corporate Director and S151 Officer. Executive approval is also required.</u></li> </ul>
<u>3.15</u> <u>3.16</u>	<ul style="list-style-type: none"> <li><u>Inter-<del>department</del>directoraldirectorate virements</u></li> </ul>	<ul style="list-style-type: none"> <li><u>Up to £0.500mk</u></li> <li><u>Over £0.500km</u></li> </ul>	<ul style="list-style-type: none"> <li><u>Both Corporate Director and S151 Officer</u></li> <li><u>Corporate Director and S151 Officer. Executive approval is also required.</u></li> </ul>
<u>3.19</u>	<ul style="list-style-type: none"> <li><u>Allocation of contingency budget</u></li> </ul>	<ul style="list-style-type: none"> <li><u>Any value</u></li> </ul>	<ul style="list-style-type: none"> <li><u>Executive</u></li> </ul>
<u>3.8</u> <u>3.23</u>	<u>Change to the net revenue budget requirement</u>	<ul style="list-style-type: none"> <li><u>Any value</u></li> </ul>	<ul style="list-style-type: none"> <li><u>Executive and Full Council</u></li> </ul>

<u>Individual Capital Virements:</u>			
<u>4.27</u>	<ul style="list-style-type: none"> <li><u>Creation of / increase in budget following receipt of additional, unanticipated funding</u> Addition to the Capital Programme</li> </ul>	<ul style="list-style-type: none"> <li><u>Up to £50k and including £5.000m</u></li> <li><u>Over £5.000m</u></li> <li><u>Over £50k</u></li> </ul>	<ul style="list-style-type: none"> <li><u>Corporate Director</u> Executive</li> <li><u>Full Council</u> S151 Officer</li> </ul>
<u>4.22</u>	<ul style="list-style-type: none"> <li><u>Virements between capital schemes that are technical adjustments</u> Technical Adjustments</li> </ul>	<ul style="list-style-type: none"> <li><u>Up to £500k</u></li> <li><u>Between £500k and £1M</u></li> <li><u>Over £1M Any Value</u></li> </ul>	<ul style="list-style-type: none"> <li><u>Corporate Directors</u></li> <li><u>S151 Officer</u> Executive</li> </ul>
<u>4.22</u>	<ul style="list-style-type: none"> <li><u>Non-technical virements</u> Intra-Directorate Virement</li> </ul>	<ul style="list-style-type: none"> <li><u>Up to and including £1.000m Any value</u></li> <li><u>Over £1.000m up to and including £5.000m</u></li> <li><u>Over £5.000m</u></li> <li><u>Any value changing scope of budget use</u></li> </ul>	<ul style="list-style-type: none"> <li><u>Executive</u> Corporate Director</li> <li><u>Executive</u></li> <li><u>Full Council</u></li> <li><u>Monitoring Officer and S151 Officer</u></li> </ul>

<p><u>4.25</u></p>	<ul style="list-style-type: none"> <li>• <u>Allocation of capital contingency budget Inter-Directorate Virement</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>Up to and including £0.500m</u></li> <li>• <u>Over £0.500m up to and including £5.000m</u></li> <li>• <u>Over £5.000m</u></li> <li>• <u>Any value changing scope of budget use</u> <u>Any value</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>Corporate Director and S151 Officer</u></li> <li>• <u>Executive and S151 Officer</u></li> <li>• <u>Full Council and S151 Officer</u></li> <li>• <u>Monitoring Officer and S151 Officer</u></li> <li>• <u>Executive</u></li> </ul>
<p><u>4.8</u> <u>4.17</u> <u>4.18</u> <u>4.19</u> <u>4.24</u></p>	<p><u>Changes to the overall Capital Programme</u></p>	<ul style="list-style-type: none"> <li>• <u>Up to 0.5% of Capital Programme and less than £1M</u></li> <li>• <u>Over 0.5% of Capital Programme and less than £10M</u></li> <li>• <u>Over £10M</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>S151 Officer</u></li> <li>• <u>Executive</u></li> <li>• <u>Executive and Full Council</u></li> </ul>
<p><u>4.21</u></p>	<p><u>Addition of new capital schemes from the Pipeline List</u></p>	<ul style="list-style-type: none"> <li>• <u>Must comply with all limits above</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>Must comply with all the above</u></li> </ul>

<b>INCOME</b>			
3.26	<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"> <li>• <u>Up to £1k</u></li> <li>• <u>Up to £10k</u></li> <li>• <u>Up to £20k</u></li> <li>• <u>Up to £199,999</u></li> <li>• <u>£200k or more</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>Relevant finance leads in the Resources Directorate</u></li> <li>• <u>Head of Service (generally PO8+), Officer on Chief Officer scale or Service Director</u></li> <li>• <u>Corporate Directors</u></li> <li>• <u>S151 Officer</u></li> <li>• <u>Executive</u></li> </ul>
3.29	<u>Fees and Charges</u>	<u>Increase / decrease</u>	<u>Executive</u>

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	<p><u>Procurement strategies and contract awards</u></p> <p><u>(Exemptions apply for specific posts)</u></p>	<ul style="list-style-type: none"> <li>• <u>Value Band i) Up to £5k (revenue and capital)</u></li> <li>• <u>Value Band ii) Up to £25k (revenue and capital)</u></li> <li>• <u>Value Band iii) £25k - £1785k (revenue and capital)</u></li> <li>• <u>Value Band iv) Up to £250K (revenue) / Up to £500k (capital)</u></li> <li>• <u>Up to £500k (revenue) / Up to £1m (capital)</u></li> <li>• <u>Up to £2M (revenue) / Up to £5m (capital)</u></li> <li>• <u>Over £2M (revenue) / Over £5m (capital)</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>Budget holders Graded PO1 and above</u></li> <li>• <u>Budget holders Graded PO4 and above</u></li> <li>• <u>Deputy Heads of Service/Service Managers/Budget Managers/Business Managers and above</u></li> <li>• <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></li> <li>• <u>Service Director/Director (Grade CO2) and above and Assistant Director, Procurement and Supply</u></li> <li>• <u>Corporate Director (Grade CO/CO1) or S151 Officer or Chief Executive or Director of Public Health or Director of Adult Social Care</u></li> </ul>
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			<a href="#">• Executive</a>
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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"> <li>• <u>Up to £499</u></li> <li>• <u>Up to £5k</u></li> <li>• <u>Up to £25k</u></li> <li>• <u>Up to £100k</u></li> <li>• <u>Up to £250500k</u></li> <li>• <u>Up to £1M</u></li> <li>• <u>Up to £5M</u></li> <li>• <u>Up to £10M</u></li> <li>• <u>Unlimited</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>Grades below PO1 (post dependent)</u></li> <li>• <u>Grades PO1 to PO3 (post dependent)</u></li> <li>• <u>Grade PO4 to PO7 (post dependent)</u></li> <li>• <u>Deputy Heads of Service/Service Managers/Budget Managers/Business Managers</u></li> <li>• <u>Heads of Service (generally PO8+) - reporting to Chief Officer</u></li> <li>• <u>Officers on Chief Officer Grades CO3 or CO4</u></li> <li>• <u>Service Director/Director (Grade CO2) or Deputy Monitoring Officer or Deputy Director of Finance (CO3)</u></li> <li>• <u>Corporate Director (Grade CO/CO1) or Director of Finance (CO2)</u></li> </ul>
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			<ul style="list-style-type: none"> <li><u>S151 Officer or Chief Executive</u></li> </ul>
	<u>Procurement card transactions / expenses</u>	<ul style="list-style-type: none"> <li><u>Up to £500 per transaction</u></li> <li><u>Up to £2k per transaction</u></li> <li><u>Above £2k per transaction</u></li> </ul>	<ul style="list-style-type: none"> <li><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></li> </ul>
	<u>Approving compensation payments (Service Specific)</u>  <u>Legal Case Settlements</u>	<ul style="list-style-type: none"> <li><u>Up to £1k</u></li> <li><del>Up to 100k</del></li> <li><u>Up to and including £10k</u></li> <li><del>Above £100k</del> <u>£10k</u></li> <li><del>Any value</del> <u>Up to and including £500k</u></li> <li><u>Above £500k</u></li> </ul>	<ul style="list-style-type: none"> <li><del>Deputy Heads of Service/Service Managers/Budget Managers/Business Managers and above</del> <u>Officers responsible for public complaints (role dependent)-e</u></li> <li><del>Chief Officer grades</del></li> <li><del>Heads of Service (generally PO8+) reporting to Chief Officer</del></li> <li><u>S151 Officer and Monitoring Officer</u></li> <li><u>S151 Officer and Monitoring Officer</u></li> <li><u>Executive</u></li> </ul>

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5.15	<u>Awarding grants</u>	<ul style="list-style-type: none"> <li>• <u>Up to £178k (revenue and capital)</u></li> <li>• <u>Up to £250k (revenue) / Up to £500k (capital)</u></li> <li>• <u>Up to £500k (revenue) / Up to £1m (capital)</u></li> <li>• <u>Above £500k (revenue) / Above £1m (capital)</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>Deputy Heads of Service/Service Managers/Budget Managers/Business Managers</u></li> <li>• <u>Heads of Service or Chief Officer Grade CO3/ CO4</u></li> <li>• <u>Director on grade CO2 and above</u></li> <li>• <u>Executive</u></li> </ul>
	<ul style="list-style-type: none"> <li>• <u>Use of Corporate credit cards in an emergency situation</u></li> <li>• <u>Access to cash in an emergency situation</u></li> <li>• <u>Expenditure in an emergency situation</u></li> </ul>	<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><b>OTHER</b></u>			
	<u>Placing of treasury investments</u>  <u>Placing borrowings</u>	<ul style="list-style-type: none"> <li>• <u>Up to £3420m</u></li> <li>• <u>Up to authorised limit in the Treasury Management Strategy Statement</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>Head/Deputy Head/Financial Accountant within Treasury and Pensions</u></li> <li>• <u>Deputy Director of Corporate Finance and above</u></li> </ul>

6.2 8.18	<u>Opening a new bank account</u>	<ul style="list-style-type: none"> <li>• <u>Any</u></li> </ul>	<ul style="list-style-type: none"> <li>• <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></li> </ul>
7.1 7.3	<u>Disposals of non-land assets (Materials, plant, machinery, fittings, equipment, stocks or inventories)</u>	<ul style="list-style-type: none"> <li>— <u>Up to £50k</u></li> <li>— <u>£50k and above</u></li> </ul>	<ul style="list-style-type: none"> <li>— <u>Corporate Director</u></li> <li>— <u>Executive</u></li> </ul>
<b><u>Acquisition and disposal of land assets (land and real property) and leases</u></b>			
7.2 7.3 7.5 7.6	<u>Disposal of non-land assets (Materials, plant, machinery, fittings, equipment, stocks or inventories)</u>	<ul style="list-style-type: none"> <li>• <u>Up to £10k</u></li> <li>• <u>£10k and above</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>Corporate Director</u></li> <li>• <u>Executive</u></li> </ul>
7.1 7.4	<u>Acquisition of non-land assets (Materials, plant, machinery, fittings, equipment, stocks or inventories)</u>	<ul style="list-style-type: none"> <li>• <u>Within authorised budget limits</u></li> <li>• <u>Above authorised budget limits</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>Corporate Director</u></li> <li>• <u>S151 Officer</u></li> </ul>
7.87.4	<u>Compulsory Purchase Orders Acquisition of land or real property other than by compulsory purchase order</u>	<ul style="list-style-type: none"> <li>— <u>Up to £1m; and for 20 years or less</u></li> <li>• <u>Above £1m and for more than 20 years</u></li> <li>Any</li> </ul>	<ul style="list-style-type: none"> <li>• <u>Executive</u></li> <li><u>S151 Officer</u></li> <li><u>Executive</u></li> </ul>
7.87.4	<u>Acquiring Leasehold and Freehold interests 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"> <li>• <u>Up to and including £5m purchase price on freeholds or capital premium on leaseholds, including acquisition of former Council owned homes</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>Corporate Director responsible for Corporate Landlord or Corporate Director responsible for HRA when Housing related, otherwise or S151 Officer</u></li> <li><u>S151 Officer</u></li> <li>•</li> </ul>

		<p><u>sold under the right to buy</u></p> <p><u>Up to £1.5m, under best consideration</u></p> <p><u>Above £1.5m</u></p> <ul style="list-style-type: none"> <li>• <u>Over £5m purchase price on freeholds or capital premium on leaseholds</u></li> </ul>	<p><u>Executive</u></p> <ul style="list-style-type: none"> <li>• <u>Executive</u></li> </ul>
7.87.4	<p><u>Disposing Leasehold and Freehold interests</u></p> <p><u>Grant leasehold interests</u></p>	<ul style="list-style-type: none"> <li>• <u>Void Council Homes Up to £250k annual rent payable, under best consideration; and for 20 years or less</u></li> <li>• <u>and any other property asset up to and including £5m</u></li> <li>• <u>Void Council Homes and any other property asset over £5m</u></li> <li>• <u>Above £250k and for more than 20 years Any value not for best consideration subject to legislation</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>S151 Officer</u></li> <li>• <u>Corporate Director responsible for Corporate Landlord or Corporate Director responsible for HRA when Housing related, otherwise S151 Officer</u></li> <li>• <u>Executive</u></li> </ul> <p><u>Executive following recommendation from S151 and Monitoring Officers that consistent and compliant with legislation</u></p> <ul style="list-style-type: none"> <li>• <u>Executive</u></li> </ul>

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<u>7.87.4</u>	<u>Statutory Lease renewals under the 1954 Act and other statutory leases relating to telecommunications and utilities Grant leases to voluntary sector and community bodies</u>	<ul style="list-style-type: none"> <li>• <u>Any value Up to 125 years at or below best consideration</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>Corporate Director responsible for Corporate Landlord or Corporate Director responsible for HRA and S151 Officer Executive</u></li> </ul>
<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"> <li>• <u>To academy trusts following the making of an academy order</u></li> <li>• <u></u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>Corporate Director responsible for Corporate Landlord or S151 Officer and Corporate Director responsible for Education</u></li> </ul>
<u>7.8</u>	<u>Declaring assets as surplus to service requirements</u>	<ul style="list-style-type: none"> <li>• <u>Any value of street properties held under Part II of the Housing Act 1985 used solely for housing purposes</u></li> <li>• <u>All other assets of any value</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>Corporate Director responsible for HRA</u></li> <li>• <u>Corporate Director responsible for Corporate Landlord or Corporate Director responsible for HRA and S151 Officer</u></li> </ul>
<u>7.8</u>	<u>Appropriations between funds</u>	<ul style="list-style-type: none"> <li>• <u>Any</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>Executive</u></li> </ul>
<u>7.8</u>	<u>Wayleaves and easements agreements</u>	<ul style="list-style-type: none"> <li>• <u>Any</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>Corporate Director responsible for Corporate Landlord or Corporate Director responsible for Highways or Corporate Director responsible for HRA</u></li> </ul>
<u>7.8</u>	<u>Tenancy at Will</u>	<ul style="list-style-type: none"> <li>• <u>Any</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>Corporate Director responsible for Corporate Landlord or Corporate</u></li> </ul>

			<u>Director responsible for HRA <del>and</del> S151 Officer</u>
<u>7.8</u>	<u>Licences to occupy</u>	<ul style="list-style-type: none"> <li>• <u>Any</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>Corporate Director responsible for Corporate Landlord or Corporate Director responsible for HRA <del>and</del> S151 Officer</u></li> </ul>
<u>7.8</u>	<u>Entering a lease as tenant</u> <u>Value for including items in fixed asset register</u>	<ul style="list-style-type: none"> <li>• <u>Annual rental value within existing budgets</u></li> <li>• <u>Annual rental value not within existing budgets £10k</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>Corporate Director <del>and</del> S151 Officer</u></li> <li>• <u>Executive</u></li> </ul>
<u>7.8</u>	<u>Surrendering of a lease as tenant</u>	<ul style="list-style-type: none"> <li>• <u>Any rental value and any lease term</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>Corporate Director for Corporate Landlord <del>and</del> S151 Officer</u></li> </ul>
<u>7.8</u>	<u>Lease contract variations</u>	<ul style="list-style-type: none"> <li>• <u>Any</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>Corporate Director responsible for Corporate Landlord or Corporate Director responsible for HRA <del>and</del> S151 Officer</u></li> </ul>
<u>7.8</u>	<u>Granting a lease as landlord</u>	<ul style="list-style-type: none"> <li>• <u>Lease term under 7 years, any rental value</u></li> <li>• <u>Lease term over 7 years, any rental value, subject to best consideration</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>Corporate Director for Corporate Landlord or Corporate Director responsible for HRA <del>and</del> S151 Officer</u></li> <li>• <u>Corporate Director for Corporate Landlord or Corporate Director responsible for HRA <del>and</del> S151 Officer</u></li> </ul>

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		<ul style="list-style-type: none"> <li>• <u>Rent value over £50k per year for leases granted for over 25 years unless a renewal protected by statute as above</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>Executive</u></li> </ul>
7.8	<u>Surrendering of a lease as landlord</u>	<ul style="list-style-type: none"> <li>• <u>Lease term under 7 years, any rental value</u></li> <li>• <u>Lease term over 7 years, any rental value</u></li> <li>• <u>Rent value over £50k per year for leases granted for over 25 years</u></li> <li>• <u>Any value where surrendering is subject to tenant becoming insolvent or pending insolvency</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>Corporate Director for Corporate Landlord or Corporate Director responsible for HRA <del>and</del> S151 Officer</u></li> <li>• <u>Corporate Director for Corporate Landlord or Corporate Director responsible for HRA <del>and</del> S151 Officer</u></li> <li>• <u>Executive</u></li> <li>• <u>Corporate Director for Corporate Landlord <del>and</del> S151 Officer and note to the Executive</u></li> </ul>
7.8	<u>Forfeiture of a lease as landlord</u>	<ul style="list-style-type: none"> <li>• <u>Breaching any terms of lease</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>Corporate Director for Corporate Landlord or Corporate Director responsible for HRA <del>and</del></u></li> </ul>

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			<u>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"> <li><u>Automatic ruling</u></li> <li><u>Nominated Delegate</u></li> </ul>	<ul style="list-style-type: none"> <li><u>Authorisation will be required from the next senior staff member up in the approval hierarchy</u></li> <li><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></li> </ul>
<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"> <li><u>All instructions (default approval limits)</u></li> <li><u>Specific approval limits (Any staff member who requires a higher limit than specified in this Scheme)</u></li> </ul>	<ul style="list-style-type: none"> <li><u>To be authorised by the hiring/line manager, permissions will by default be in line with Scheme of Authorisation limits</u></li> <li><u>S151 Officer</u></li> </ul>



### 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>

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## Appendix Financial Regulations: Schedule of main changes

Description of Task	Current Rules	Proposed Rules
<b>Capital Programme Budgets</b>		
Spending outside of the Capital Programme	<b>S151</b> has the delegated authority to occur spend <b>up to £1m</b> for a project if funding is available for: financial assistance to housing assoc, advances on house purchase schemes, acquisitions of interest in land by compulsory purchase orders, or overspends that cannot be covered by the capital programme of up to 1%.	Remove section Change to urgency procedures and overspends
Amending the Capital Programme	<b>Exec</b> has the authority to amend <b>up to £1m</b> . <b>Full Council</b> needs to approve changes <b>above £1m</b> .	Change to additions and reductions (see below).
Spending against approved Capital Programme		Once approved, free to spend (within procurement rules)
Additions to the Capital Programme (when no borrowing is required) – e.g. Grants and additional capital receipts/ developer contributions or from an existing budget	Not specified	Key decision thresholds for grants? Urgency Procedures apply – agree with S151 and Lead Exec Member? <b>Up to £5m</b> can be approved by <b>Exec</b> . <b>Full Council</b> needs to approve <b>over £5m</b> .
Additions (Grants) including applying for grants		S151 approval to apply for grants? Exec for noting?
Additions (that creates additional borrowing)	Not specified	Aim to have no new borrowing in year. Only have additions in budget setting with growth bids. Can accelerate other budgets or transfer from other budgets in the short term. <b>Up to £5m</b> can be approved by <b>Exec</b> . <b>Full Council</b> needs to approve <b>over £5m</b> .
Reductions/ Aborted Schemes (when stopping)	Not specified	A separate decision paper needs to go through to stop a project. <b>Exec</b> needs to approve all reductions <b>up to £5m</b> . <b>Full Council</b> needs to approve <b>over £5m</b> .
Reductions for underspends	Not specified	As per virement rules if moving it elsewhere.

## Appendix Financial Regulations: Schedule of main changes

Description of Task	Current Rules	Proposed Rules
		If reducing when a scheme has finished, <b>Exec</b> approves all reductions <b>up to £5m</b> . <b>Full Council</b> needs to approve <b>over £5m</b> .
Change of Scope	<b>Monitoring Officer</b> determines what is materially varied in nature and content.	Stay the same – discuss with Alison. S151 approval?
Approving Slippage	<b>S151</b> can approve <b>up to £1m</b> of slippage per scheme. <b>Exec</b> can approve <b>above £1m</b> .	All slippage is a technical adjustment to be authorised by the Section 151 Officer and reported to the Executive.
Acceleration	Not specified	All acceleration is a technical adjustment to be authorised by the Section 151 Officer and reported to the Executive
Overspends	<b>Corporate Directors</b> can authorise <b>up to £75k</b> if it does not result in an increase in the overall departmental allocation. Must report to S151. <b>Corporate Directors</b> responsible for reporting overspends that <b>exceed 10% of the budget</b> or <b>5% of departmental allocation</b> . <b>S151</b> can authorise an increase in spend <b>up to 1% of the in-year capital programme</b> . <b>Exec</b> can approve <b>over 1% up to £1m</b> . <b>Full Council</b> must authorise overspends of <b>over £1m</b> .	Change to virement rules. Must manage within their own budgets. Must reduce future years schemes. Overspends must be reported to S151 Officer and to Exec.
Underspends	<b>Corporate Directors</b> can use underspends to fund additional schemes on the reserve list, within virement rules, and S151 has assurance.	Remove reference to reserve list (see reductions above).
Virements – intra directorate	<b>Corporate Directors</b> can authorise <b>up to £500k</b> between capital schemes. Must be reported to S151. <b>S151</b> can authorise <b>up to £1m</b> . <b>Exec</b> can authorise <b>above £1m</b> .	<b>Corporate Directors</b> can approve and delegate approval <b>up to £0.5m for capital and Revenue</b> . <b>Up to £5m</b> can be approved by <b>Exec</b> . <b>Full Council</b> needs to approve <b>over £5m</b> . All virements reported to S151 and Exec. If creating a new scheme addition or complete scheme reduction, those rules apply.

## Appendix Financial Regulations: Schedule of main changes

Description of Task	Current Rules	Proposed Rules
Virements – Technical Adjustments		The S151 can approve technical adjustments of any amount.
Non Virements – Inter Directorate	Not Specified	Where a virement is purely changing coding but not impacting the spend or purpose of a budget in any way this is NOT a virement, and as such can be approved by any chief officer.
Changes in financing		
Use of Contingencies	Recommended to <b>Exec</b> .	Virement rules apply. Hold contingencies corporately.
Allocation of S106/CIL	<b>BIP</b> approves and then is recommended to <b>Corporate Director of Environment and Regeneration in consultation with S151 up to £1m</b> . Recommended to <b>Exec</b> if over <b>£1m</b> .	In line with additions (non-borrowing)
<b>Procurement</b>		
<b>Procurement</b>	<b>S151 and Corporate Directors</b> can award or amend contracts <b>up to £5m</b> for capital decisions.	Should only happen within approved budgets.
<b>Disposal and Acquisition of Land and Assets</b>		
Acquisition and Disposal of Non-Land Assets	Acquisition not specified  Corporate Director can approve up to £50k market value. S151 should be notified if over £10k. Exec should approve over £50k	Acquisition within approved budget thresholds. Acquisitions below £10k will be charged to revenue. Corporate Directors can approve disposals of non-land assets of any value (equipment and other PPE) S151 to be notified if receipt from disposal of asset, or original cost was £10k or over Prior to any leased asset disposal, Corporate Landlord and Legal services are to be consulted
Acquiring Leasehold and Freehold interests	The acquisition of the leasehold interest in former council owned homes sold under the RTB to facilitate approved redevelopment schemes require approval of the Executive, or a sub-	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 can be

## Appendix Financial Regulations: Schedule of main changes

Description of Task	Current Rules	Proposed Rules
	<p>committee appointed by it.</p> <p>Acquisition of 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 require approval of the Chief Finance Officer (or Deputy Chief Finance Officer, in the absence of the Chief Finance Officer)</p>	<p>approved by the Corporate Director responsible for HRA when housing related, otherwise the S151 Officer</p> <p>Acquisitions with a purchase price on freeholds or capital premium on leaseholds over £5m are to be approved by Executive</p>
Disposing Leaseholds and Freehold interests	<p>Disposing of leased assets doesn't distinguish between council as landlord or tenant. For all lease disposals the Corporate Directors should notify S151 in writing so lease can be examined.</p> <p>Disposals of void council owned homes where the best consideration reasonably obtainable is £3 million or less require approval of the Executive, or a sub-committee appointed by it.</p> <p>Disposals of other property where the best consideration reasonably obtainable is £1.5 million or less require approval of the Executive, or a sub-committee appointed by it.</p> <p>Disposals where the Executive has already agreed in principle that the land and/or building is surplus to requirements and may be disposed of require approval of the Executive, or a sub-committee appointed by it.</p>	<p>Prior to disposal of a non residential asset, it must be included on 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.</p> <p>Disposal of void Council Homes and any other property asset for up to and including £5m can be approved by either the Corporate Director responsible for HRA when housing related, otherwise S151 Officer.</p> <p>Disposal of void Council Homes and any other property asset over £5m require Executive approval</p> <p>Disposal of any asset, at any value, which is not for best consideration due to legislation require approval from the Executive following the recommendation of the S151 and Monitoring</p>

## Appendix Financial Regulations: Schedule of main changes

Description of Task	Current Rules	Proposed Rules
	<p>To dispose of the Council’s freehold interests, with the exception of void council owned homes, and grant leases at a premium</p> <p>i) where the anticipated capital receipt does not exceed £1.5 million; and</p> <p>ii) the Chief Finance Officer is satisfied having taken the best professional advice that the capital receipt represents the best consideration reasonably obtainable 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>require approval of the Chief Finance Officer (or Deputy Chief Finance Officer, in the absence of the Chief Finance Officer)</p>	<p>Officers that the disposal is consistent and compliant with legislation</p>
<p>Commercial transfer or grant of lease of maintained schools transferring to academy status</p>	<p>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 require approval of the Executive, or a sub-committee appointed by it.</p>	<p>S151 and Corporate Director responsible for Education to approve the commercial transfer or grant of lease of a maintained school following the making of an academy order to the academy trust</p>
<p>Declaring assets as surplus to service requirements</p>	<p>Not specified</p>	<p>Corporate Director responsible for HRA can declare as surplus any value of street properties held under Part II of the Housing Act 1985 used solely for housing purposes</p> <p>The S151 Officer can declare all other assets of any value as surplus</p>

## Appendix Financial Regulations: Schedule of main changes

Description of Task	Current Rules	Proposed Rules
Appropriations between funds	Not specified	Executive to approve all appropriations, regardless of asset value
Compulsory Purchase Orders	Not specified	Executive to approve all Compulsory Purchase Orders, regardless of asset value
Wayleaves and easements agreements	Not specified	Corporate Director responsible for Corporate Landlord or Corporate Director responsible for Highways or Corporate Director responsible for HRA can approve all wayleave and easement agreements
Tenancy at Will	Not specified	Corporate Director responsible for Corporate Landlord and S151 Officer or Corporate Director responsible for HRA and S151 Officer can approve all tenancies at will
Licences to occupy	Not specified	Corporate Director responsible for Corporate Landlord and S151 Officer or Corporate Director responsible for HRA and S151 Officer can approve all licences to occupy
Statutory Lease renewals under the 1954 Act and other statutory leases relating to telecommunications and utilities	Not specified	Corporate Director responsible for Corporate Landlord or Corporate Director responsible for Highways or Corporate Director responsible for HRA can approve all statutory leases and statutory lease renewals
Entering a lease as a tenant	<p>Acquisitions of interests of 20 years or less where the consideration is £1m or less can only be approved by the Executive, or a sub-committee appointed by it.</p> <p>Disposals of interests at less than the best consideration reasonably obtainable for six months or less requires approval of the Executive, or a sub-committee appointed by it.</p>	<p>Corporate Director responsible for Corporate Landlord and S151 Officer can agree to enter leases where the annual rental value is within existing budgets</p> <p>Any leases where the annual rental value is not within existing budgets require Executive approval to be entered into</p>



## Appendix Financial Regulations: Schedule of main changes

Description of Task	Current Rules	Proposed Rules
Surrendering a lease as tenant	Disposing of leased assets doesn't distinguish between council as landlord or tenant. For all lease disposals the Corporate Directors should notify S151 in writing so lease can be examined.	Corporate Director for Corporate Landlord and S151 Officer can agree the surrendering of all leases where the council is tenant
Lease contract variations	Not specified	Either the Corporate Director responsible for Corporate Landlord or Corporate Director responsible for HRA and S151 Officer can agree all lease contract variations
Granting a lease as landlord	<p>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 can only be approved by the Executive, or a sub-committee appointed by it.</p> <p>Grant of leases for 20 years or less where the annual rent is the best consideration reasonably obtainable and does not exceed £250,000 can only be approved by the Executive, or a sub-committee appointed by it.</p> <p>To grant leasehold interests for terms not exceeding 20 years at an annual rent:</p> <ul style="list-style-type: none"> <li>i) where the annual rent payable under such leases does not exceed £250,000 exclusive per annum; and</li> <li>ii) the rent payable under such leases is the best consideration reasonably obtainable</li> </ul> <p>require approval of the Chief Finance Officer (or Deputy Chief Finance Officer, in the absence of the Chief Finance Officer)</p>	<p>Leases granted for over 25 years at a rental value over £50k per year unless a renewal protected by statute as above require Executive approval.</p> <p>All other leases granted can be approved by either the Corporate Director for Corporate Landlord and the S151 Officer or Corporate Director responsible for HRA and S151 Officer. Note that leases over 7 years are subject to laws around best consideration.</p>

## Appendix Financial Regulations: Schedule of main changes

Description of Task	Current Rules	Proposed Rules
	<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 require approval of the Chief Finance Officer (or Deputy Chief Finance Officer, in the absence of the Chief Finance Officer)</p>	
<p>Surrendering of a lease as landlord</p>	<p>Disposing of leased assets doesn't distinguish between council as landlord or tenant. For all lease disposals the Corporate Directors should notify S151 in writing so lease can be examined.</p>	<p>Surrendering of leases where the council is landlord are to be approved by the equivalent party that agrees entering a lease.</p> <p>Surrendering of leases with rent value over £50k per year granted for over 25 years require Executive approval.</p> <p>All other leases require approval of either the Corporate Director for Corporate Landlord and S151 Officer or Corporate Director responsible for HRA and S151 Officer.</p> <p>Where a lease is being surrendered due to the tenant becoming insolvent, or pending insolvency, the Corporate Director for Corporate Landlord and S151 Officer approve this, in consultation with the relevant Executive portfolio holder(s).</p>
<p>Forfeiture of a lease as landlord</p>	<p>Disposing of leased assets doesn't distinguish between council as landlord or tenant. For all lease disposals the Corporate Directors should notify S151 in writing so lease can be examined.</p>	<p>Corporate Director for Corporate Landlord and S151 Officer or Corporate Director responsible for HRA and S151 Officer with advice from legal services</p>

## Appendix Financial Regulations: Schedule of main changes

Description of Task	Current Rules	Proposed Rules
Authorising applications to the Secretary of State for disposals of council dwelling houses to be included in their disposals programme or for consent to such disposals where consent is required.	Section 135, Leasehold Reform and Urban Development Act 1993. Sections 32 and 43 of the Housing Act 1985. LIST OF FUNCTIONS THAT MAY ONLY BE EXERCISED BY THE COUNCIL	Where secretary of state approval is required to dispose of an asset (IE schools) Full Council is to approve this.
Determining Asset Value	Not Specified	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.
Granting leases – financial risk assessment	Not Specified	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.
<b>Scheme of Authorisation – Budget Changes</b>		
Technical accounting adjustments	Any value approved by S151 Officer	Corporate director and S151 can approve any value
<b>Scheme of Authorisation - Expenditure</b>		
Authorising payment of invoices and purchase orders	i) Value up to £499 approved by Grades below P01  ii) Value up to £100k approved by Deputy Heads of Service/Service Managers/Budget Managers/Business Managers  iii) Value up to £500k approved by Heads of Service PO8+	i) Removed this and set lowest threshold of up to £5k approved by grades up to P03. This is to manage licensing numbers in preparation for Purchase to Pay implementation.  ii) This threshold is removed, covered under next higher threshold  iii) Value up to £250k approved by Heads of Service PO8+

## Appendix Financial Regulations: Schedule of main changes

Description of Task	Current Rules	Proposed Rules
Approving Compensation Payments (Service Specific)	<ul style="list-style-type: none"> <li>i) Value up to £1k approved by Deputy Heads of Service/Service Managers/Budget Managers/Business Managers and above</li> <li>ii) Value up to £100k approved by Chief Officer grades</li> <li>iii) Value above £100k approved by S151 and Monitoring Officer</li> </ul>	<ul style="list-style-type: none"> <li>i) Value up to £1k approved by Officers responsible for public complaints (role dependant)</li> <li>ii) Replaced by value up to £10k approved by Heads of Service PO8+</li> <li>iii) Replaced by value above £10k approved by S151 and Monitoring Officer</li> </ul>
Legal Case Settlements	Any value approved by S151 and Monitoring Officer	Replaced by value up to and including £500k approved by S151 and Monitoring Officer, with values above approved by Executive
<b>Scheme of Authorisation – Other</b>		
Placing of treasury investments	Value up to £20m approved by Head/Deputy Head/Financial Accountant within Treasury and Pensions	Now value up to £34m approved by Head/Deputy Head/Financial Accountant within Treasury and Pensions
<b>Delegated Authorities in Staff Absence</b>		
In the event that a designated staff member is unavailable to approve an item	Not specified	<p>Automatic ruling: Authorisation will be required from the next senior staff member up in the approval hierarchy</p> <p>Nominated delegate: 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</p>
<b>Finance System User Setup/Amendment</b>		
Instruction for finance system user administration	Not specified	To be authorised by the hiring/line manager, permissions will by default be in line with Scheme of Authorisation limits. Any user who requires a limit outside of standard limits will need sign-off from S151 Officer.

**Appendix Financial Regulations: Schedule of main changes**

Meeting:	Audit and Risk Committee
Meeting Date:	18 November 2024
Publication:	Open
Council Priority:	Community Wealth Building
Wards:	All
Report of:	Corporate Director of Community Wealth Building <b>and</b> Director of Law and Governance and Monitoring Officer

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## Subject: Implementation of Procurement Act 2023

### 1. Recommendations

- 1.1. To approve changes to the Constitution summarised in paragraph 3.16 and detailed in Appendix 1 to ensure compliance with the Procurement Act 2023 and Procurement Regulations 2024.
- 1.2. To note the timetable for implementation and associated governance summarised in Section 9.
- 1.3. To note the proposals have been reviewed by the Constitutional Working Group on 14 October 2024 and 28 October 2024,
- 1.4. To note the changes made following the Constitutional Working Group of 14 October 2024 and 28 October 2024 (set out in paragraphs 3.21 to 3.26) to the proposed Rules, which are included as Appendix 1 to this paper.
- 1.5. To note it is proposed to review governance thresholds related to procurement decisions and application to ensure it is robust and agile at a later stage.
- 1.6.

## 2. Report summary

- 2.1. The purpose of this report is to update the Council's Constitution to be compliant with the Procurement Act 2023 and Procurement Regulations 2024 which take effect on 24 February 2025, as well as strengthening other aspects of the Council's decision-making in relation to procurement activity.

## 3. Details of the proposal

### **Procurement Act and Procurement Regulations**

- 3.1. The Procurement Act 2023 (PA23) and the Procurement Regulations 2024 (PR24) come into effect on 24 February 2025.
- 3.2. The Council is required as a matter of law to have Contract Standing Orders ("CSOs") and Contract Procedure Rules ("CPRs"), known in Islington as the Procurement Rules or 'Rules', to comply with the Local Government Act 1972, Section 135. The new Rules must additionally comply with the changes within PA23 and PR24.
- 3.3. The Council needs Rules to govern how goods, works and services shall be procured and managed in line with best practice, legislation, delivering value for money and social value. The Council has committed to make the most appropriate use of public funds through Progressive Procurement i.e. that its spending has the maximum positive impact for Islington people and businesses.
- 3.4. The Rules form part of the Constitution. Contracts entered into by the Council must comply with the Rules. The Rules set out how the Council shall treat existing and potential service providers reasonably without discrimination and in a transparent and proportionate manner.
- 3.5. In addition, the Rules demonstrate public accountability whilst acting, and being seen to act, with integrity, probity, how the Council seeks to minimise bribery and corruption, and delivers value for money and social value.
- 3.6. Statutory guidance is still being issued as of October 2024 on the application of PA23 and PR24. It has not been possible to bring the Rules at an earlier stage without risking significant post approval amendments.
- 3.7. The objectives in reviewing the Rules have been to ensure they achieve best practice and are legislatively compliant in a way which:
  - complies with the law
  - underpins delivery of progressive procurement strategy

- establishes consistent functional accountability across the procurement lifecycle
- maximises social value delivery and impact
- maximises value for money from external spend
- reduces internal operating costs associated with repeated governance
- deliver step change in compliance and assurance.

3.8. Such is the level of change being brought about by the PA23 and PR24, relevant commercial related officers (all those centrally in Procurement and Supply) and those lawyers within the Legal Commercial Contracts Team are currently undertaking the relevant training. Thus far, all existing commercial officers have completed the Transforming Public Procurement training and have been certified by the Government Commercial College. This minimum certification is averaging approximately a week per officer. The Legal Commercial Contracts Team will have completed their minimum certification by the end of October 2024.

3.9. The changes in procurement law have been anecdotally described as the greatest since the 1970s. Those changes include:

3.10. **Increases scope of procurement**

- elements of commissioning, contract management and payments now covered by 'procurement' as a matter of law
- new requirements at every stage: commissioning, procurement, contract management and termination
- impacts all service areas

3.11. **Transparency**

- new duties to publish notices and contract information
- many new notices pre-procurement, during procurement, and for the first time throughout contract management, needing compiling, checking and publishing by qualified commercial practitioners
- need to record all decisions, and undertake conflicts assessments at every stage
- must publish copy of contract and supplier performance against KPIs (for contracts £5m+)

3.12. **New procedures and frameworks**

- removes restricted procedure
- introduces competitive flexible procedure, open frameworks and dynamic markets

3.13. **Reduces autonomy**



- will limit use of waivers (grounds for direct award are more tightly defined, and a Transparency Notice must be published for every direct award)
- reduces scope for making contract changes (only certain modifications are permitted, and a Contract Change Notice must be published before making any change)

3.14. **Procurement Review Unit established**

- new watchdog with powers to investigate the council and assist suppliers to challenge council decisions
- duties extend into commissioning, procurement, contract management and payments
- will manage new national debarment list (council's decision to exclude a supplier could lead to their debarment from bidding for any public contract with any authority)

3.15. As a result of the level of change, simply amending the existing Rules was not possible and instead a wholesale re-write was required.

3.16. The new Rules reflect explicit changes in (not exhaustively):

- considerations such as public benefit, integrity and the National Procurement Policy Statement
- exemptions to the Rules in law
- entering into contracts and limited opportunities for waivers
- conflicts of interest
- transitional arrangements for those matters procured under the Public Contracts Regulations 2015 or where applicable those older arrangements
- dynamic markets as a new arrangement under the PA23
- reserving contracts
- preliminary market engagement - new for the PA23 and usually part of commissioning
- duty to consider lots
- rules to manage new requirement for most advantageous tender
- contract extension and modification (variations)
- contract management

3.17. Almost all areas in commissioning, procurement and contract management will be impacted and all associated process forms, guidance and templates will need to change accordingly to comply with the law.

3.18. The Rules cannot be a fixed document and must be kept up-to-date with changes in legislation.

### **Strengthening Decision-Making for Procurement Activity**

- 3.19. In addition to the specific changes outlined above to ensure compliance with the Procurement Act 2023 and the Procurement regulations 2024, there are additional opportunities to strengthen the Council's decision making around procurement activity, striking an appropriate balance between robustness and agility.
- 3.20. To note it is proposed to review procurement related decision-making in terms of governance thresholds and application to ensure it is robust and agile at a later stage. This may include:
- The appropriateness of separation of capital and revenue funding thresholds
  - Matters which the Executive wish to reserve for themselves to make the decision.
  - The appropriate thresholds for Recordable Decisions
  - The officer Commissioning and Procurement Board.
  - The operation of Schemes of Authorisation in this area.
  - The maintenance of a procurement strategy and contract award
  - Where variations to a procurement strategy approved by the Executive are significant enough to return to the Executive
  - The distinction between capital and revenue for decision making purposes.
  - Income in decision making thresholds.
  - Consequential changes which may be needed to the Constitution.

### **Changes following the Constitution Working Group**

- 3.21. The Constitutional Working Group met 14 October 2024 and 28 October 2024 to review the proposed new arrangements.
- 3.22. The following changes have been implemented to reflect the changes requested by CWG:-
- Auto added the contents page to improve navigation

- Added 1.5.9 to link social value and matters of policy to the introduction
- Added 1.5.10 to cover a more equal future and fair living wage
- Expanded 53 Social value – adding 53.1.1 – 53.1.7 with the introduction, this hopefully makes social value more prominent
- Amended 53.4 to make it clear social value is both to be recorded and reported on
- Added 53.5 to answer question that yes, social value is included in tender documentation
- Separated 54 with subheadings for three primary areas
- Added 54.1.1.1 – 54.1.1.3 on scope 1, 2 and 3 emissions (subject to specialist checking)
- Amended verbs to be stronger e.g. 54.1.8 from promoting to demonstrating  
54.1.10 from promoting to delivering
- Removed 54.1.10 disruptive and added the word 'new'
- Added 54.1.14 - 54.1.18 to make more of social impact in social value, strengthening values.

3.23. The Chief Commercial Solicitor has checked the draft including the amendments and the notes from Constitutional Working Group of 14 October 2014 and 28 October 2024.

3.24. The majority of the Rules are technical operations or matters of law, as opposed to policy and strategy. However, members can influence key primary areas of the Rules:

- Title level priority areas to the introduction
- Social Value wants
- Matters of Policy

3.25. It is a statutory requirement for the Council to have standing orders for contracts. According to the Local Government Act 1972, the Council must make standing

orders regarding the making of contracts for the supply of good or materials and the execution of works.

- 3.26. These standing orders are designed to ensure competition and regulate the tendering process in line with the Procurement Act 2023. All Rules which have a statutory basis and required by law must remain.

## 4. Other options considered and the reasons for recommending this proposal

### 4.1. Options considered included:

- removing the Rules – unlawful, legal requirement for the Council to have adopted CSOs and CPRs
- keeping existing Rules – unlawful as not up to date with PA23 and PR24
- amending existing Rules – too many changes and contradictions to be practical
- writing new Rules – the preferred and recommended action

## 5. Key impacts and risks of the proposal

- 5.1. Officers shall be required to adhere to the Rules when commissioning, procuring or managing services for the borough.

- 5.2. Work is currently underway to transform the report development and approval process. The project seeks to introduce a new process that will:

5.2.1 provide strong assurance that decision reports published in the public domain are appropriate, lawful, transparent, and enable the decision-maker to understand the risks, benefits and implications of the decision;

5.2.2 make efficient use of resources across the Council, taking advantage of automation and enabling services to deliver in an agile way;

5.2.3 encourage accountability, responsibility and positive engagement with good governance.

5.2.4 the approval of reports will be progressed through Civica Modern.Gov software. This will involve a workflow, providing notifications to relevant colleagues confirm their approval to the report's implications, and ultimately progressing the final report to the relevant Corporate Director for approval. The new arrangements will strengthen the process, which is currently reliant

on approval through email, and with different practices in use across the organisation.

- 5.3. In addition, changes are proposed to the Commissioning and Procurement Board to further strengthen its role in providing challenge, innovation and consistency to draft procurement strategies. The development of a procurement forward plan as part of complying with the PA23 will also significantly enhance planning and timeliness of procurement decisions.

## 6 Contribution to the Islington Together 2030 Plan

- 6.1 Having effective Rules will help us achieve Community Wealth Building, by ensuring money is spent in the right places. This will allow us to support the most disadvantaged, create a sustainable inclusive economy, build a green economy, lock money in for local residents, communities and business and make the most of our assets.

## 7 Consultation and community engagement

- 7.1 No public consultation has yet occurred. However, the proposed Rules will be in the public domain prior to going forward for formal decision. At these intervals, individuals including the community will have the opportunity to consider the proposed Rules.

## 8 Implications

### 8.1 Financial Implications

- 8.1.1 No direct financial implications. However, the Rules support effective governance and decision-making, including financial.
- 8.1.2 Procurement regulations must be flexible enough to allow efficient running of the organisation but strong enough to ensure procurement processes are robust and receive appropriate scrutiny.
- 8.1.3 The procurement rules must be congruent with the Council's financial regulations and wider constitution.
- 8.1.4 There are indirect costs of resourcing the Procurement Act.

### 8.2 Legal Implications

- 8.2.1 The PA23 replaces the current Public Contract Regulations 2015 and other procurement legislation.

- 8.2.2 The PA23 and the PR24 come into effect on 24 February 2025. The Council is required as a matter of law to have CSOs and CPRs to comply with Section 135 of the Local Government Act 1972.
- 8.2.3 The recommendations in this report are necessary to ensure compliance with the PA23.
- 8.2.4 The Council must keep its Constitution up to date (section 9P Local Government Act 2000).

### **8.3 Climate Change and Environmental Implications**

- 8.3.1 There are no direct Environmental Implications and contribution to achieving a net zero carbon Islington by 2030 implications arising from this report.
- 8.3.2 However, the Council procures individually and collectively with other organisations a wide variety of goods, works and services which can have a direct impact on the environment, environmental sustainability and achieving carbon neutrality.
- 8.3.3 The Rules provide a range of policy provisions to support net zero carbon and additionally this can be included as part of social value and award criteria when awarding contracts to suppliers.
- 8.3.4 The matters of policy within the Rules require officers to consider how their procurement can support a range of factors including tackling climate change, reducing waste, becoming net zero carbon by 2030, reducing supplier emissions, moving to a circular economy, specifying better for the environment, considering whole life costs including energy, maintenance and disposal and minimising environmental impact.

### **8.4 Equalities Impact Assessment**

- 8.4.1 The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010).
- 8.4.2 The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life.
- 8.4.3 The council must have due regard to the need to tackle prejudice and promote understanding.
- 8.4.4 An Equalities Impact Assessment Screening has been completed, subject to checking before final Council approval, following the Constitutional Working Group on the content of the report.

8.4.5 The Equalities Impact Assessment Screening demonstrated a neutral impact on any group with protected characteristics.

## 9 Timetable for implementation

9.1 The timetable for implementation is outlined below:

- **Constitutional Working Group** 14 October 2024 and 28 October 2024 with final comments by close 4 November 2024
- **Joint Board** 5 November 2024
- **Audit and Risk Committee** 18 November 2024 (papers 4 November 2024, published 8 November 2024)
- **Full Council** 12 December 2024 (papers 2 December 2024, published 4 December 2024)
- **Implementation of Constitutional changes** in readiness for PA23/PAR24 January 2025
- **Procurement Act and Rules go live** 24 February 2024.

**Appendices:**

- Appendix 1 – Rules
- Appendix 2 – EQIA draft screening

**Relevant decisions / reports:**

- Not applicable

**Background papers:**

- Not applicable

**Report approval:**

Authorised by:

**Corporate Director of Community Wealth Building**

**Director of Law and Governance and Monitoring Officer**

Date: 8 November 2024

Responsible Officer:

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# CONTRACT STANDING ORDERS AND CONTRACT PROCEDURE RULES – THE LONDON BOROUGH OF ISLINGTON’S PROCUREMENT RULES (hereafter the ‘Rules’)

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## 1. INTRODUCTION

- 1.1 These Rules are made pursuant to the Local Government Act 1972, Section 135, effective from **24 February 2025**.
- 1.2 These Rules provide a corporate framework for the Procurement of all Goods, Services and Works for the Council, including Concession contracts.
- 1.3 As a matter of law under the Procurement Act 2023 ('PA 23'):  
Procurement "means the award, entry into and management of a public contract" which extends to include activity pre and post contract award, including many commissioning, contract management and payment matters.
- 1.4 For all procurement and contracts that are commenced on or after 24 February 2025 and subject to the PA 23 (i.e. above the public formal tendering threshold and are non-exempt contracts), the Council must abide by the covered procurement objectives. Officers shall abide by these procurement objectives insofar as reasonably possible for all contracts. Officers shall:
  - 1.4.1 shall treat suppliers the same and not discriminate against suppliers unless a difference between the suppliers justifies different treatment (in which case the Council must take all reasonable steps to ensure it does not put a supplier at an unfair advantage or disadvantage);
  - 1.4.2 have regard to the fact that small and medium-sized enterprises may face particular barriers to participation and consider whether such barriers can be removed or reduced;
  - 1.4.3 have regard to the National Procurement Policy Statement;
  - 1.4.4 have regard to the importance of:
    - 1.4.4.1 delivering value for money and ensuring competition;
    - 1.4.4.2 maximising public benefit including social value;
    - 1.4.4.3 sharing information for the purpose of allowing suppliers and others to understand the Council's procurement policies and decisions i.e. acting transparently; and
    - 1.4.4.4 acting, and being seen to act, with integrity.
- 1.5 Officers undertaking procurement related activity in the broadest sense described in Rule 1.3 shall have regard for all contracts to the importance of:
  - 1.5.1 achieving required levels of quality and performance from contracts
  - 1.5.2 behaving reasonably, proportionately and with upmost probity
  - 1.5.3 compliance with all applicable procurement and relevant UK legislation
  - 1.5.4 protecting members and officers from acting unfairly or unlawfully
  - 1.5.5 reducing or minimising barriers to entry including unfair dis/advantage
  - 1.5.6 achieving the outcomes needed for effective risk management
  - 1.5.7 delivering having regard to the National Procurement Policy Statement;

- 1.5.8 sharing information with suppliers and others to enable them to understand:
  - 1.5.8.1 the Council's strategic objectives as set out in Islington Together 2030
  - 1.5.8.2 the Council's Progressive Procurement Strategy 2020/27
- 1.5.9 improving social value (see Rule 53) and delivering on matters of policy (see Rule 54)
- 1.5.10 ensuring the Council's commitment to a more equal future including wherever reasonably possible supporting good jobs that pay a fair living wage.
- 1.6 These Rules are not intended as detailed guidance for implementation and any procurement or commercial guidance of the Council's appointed Assistant Director, Procurement and Supply, must be taken into account.
- 1.7 Any explanation or clarification of these Procurement Rules should come exclusively from the Assistant Director, Procurement and Supply.
- 1.8 All matters within these Procurement Rules reserved for the Assistant Director, Procurement and Supply may be undertaken by their nominated representative(s), who must report directly to the post.
- 1.9 These Rules shall govern, alongside existing Council procedures, rules in relation to organisational behaviour in the conduct of procurement including conflict of interest or potential conflict of interest.

## **2. COMPLIANCE WITH THESE RULES**

- 2.1 These Rules must be followed for all spend by Officers or Agents of the Council and Partnerships for which the Council has responsibility, for goods, works and services, including when the Council is leading in a centralised procurement authority arrangement.
- 2.2 References to the Council in these Procurement Rules should be substituted by any relevant partnership as appropriate.
- 2.3 Every Procurement undertaken by the Council or any other party on its behalf must comply with:
  - 2.3.1 all UK law that governs or relates to procurement including concessions
  - 2.3.2 the Council's Constitution as a whole
  - 2.3.3 the Council's strategic objectives as set out in Islington Together 2030
  - 2.3.4 the Council's Progressive Procurement Strategy 2020/27
  - 2.3.5 the requirements set out in these Rules.
- 2.4 To the extent that any conflict arises between these Rules and any such legal requirement, then the provisions of such legal requirement shall prevail.
- 2.5 The Assistant Director, Procurement and Supply may from time-to-time issue procurement guidance following, where needed, consultation with the Council's Section 151 and Monitoring Officer.

- 2.6 Corporate Directors shall ensure that Officers within their directorate are aware of such guidance as issued by the Assistant Director, Procurement and Supply and must require compliance with such guidance, normally published within the Progressive Procurement Toolkit (hereafter the 'Toolkit').
- 2.7 Any failure by Officers to comply with any of the provisions of these Rules or associated guidance of the Assistant Director, Procurement and Supply may result in disciplinary action.
- 2.8 Any procurement carried out on behalf of the Council may only be undertaken by Officers with the appropriate delegated authority to carry out such tasks and who have the necessary capability and capacity to undertake the procurement.

### **3. EXEMPTIONS FROM THESE RULES**

- 3.1 The following matters are exempt from these Rules, but shall only be relied upon following the guidance of the Assistant Director, Procurement and Supply with reference to the PA23 and other applicable legislation, in consultation with the Monitoring Officer as necessary:

#### **3.2 Exemptions for land and licensing**

- 3.2.1 contracts for the acquisition or disposal of land, buildings, interests or rights over them including real estate, freehold or property investments unless related to a contract for goods, works or services  
(refer to the Land/Property Disposal Acquisition Rules)
- 3.2.2 contracts for the acquisition, development, production or co-production of broadcast material including broadcast programmes or advertisements
- 3.2.3 contracts which facilitate transmission of electrical, magnetic or electro-magnetic energy, of signals of any description

#### **3.3 Exemptions for legal arrangements**

- 3.3.1 contracts for the provision of arbitration, mediation or conciliation services for alternative dispute resolution
- 3.3.2 contracts for legal representation or contemplation in judicial proceedings, whether or not in the UK
- 3.3.3 contracts to document certification or authentication services provided by a notary under enactment or rule of law
- 3.3.4 legal services provided by a person required to provide them under an enactment or an order of a court or tribunal
- 3.3.5 court orders for damages, costs, compensation or other matters

#### **3.4 Exemptions for financial arrangements**

- 3.4.1 contracts for lending money to or financial investments of the council, where from an appropriate financial instrument, firm or qualifying credit institution
- 3.4.2 financial services contracts for the provision of services provided by the Bank of England or investment contracts agreed by Islington Pension Committee
- 3.4.3 payments required as a matter of law, such as those to HM Revenue and Customs or HM Land Registry
- 3.4.4 contracts and/or payments pursuant to inter-authority recoupment undertaken in line with legislation
- 3.4.5 pooled budgets between the NHS and the Council undertaken in accordance with the National Health Service Act 2006 Section 75

### **3.5 Exemptions for subject matter**

- 3.5.1 contract or employment or direct individual's workers contract or other such remuneration, compensation or public inquiry contract
- 3.5.2 contract for the provision of emergency services provided on a not for profit basis e.g. fire extinguishing related services from the Fire Brigade
- 3.5.3 contracts for public passenger transport services which are directed as a matter of law to be completed
- 3.5.4 contracts for research and development services for or to benefit the public, not providing for the provision of goods or works specifically
- 3.5.5 certain international agreements or matters of national security, intelligence or defence and security contracts in case of emergency

### **3.6 Exemptions relating to children or service users**

- 3.6.1 placement of a child with special educational needs following a statutory assessment in a school
- 3.6.2 contracts entered into by schools adhering to the Scheme for Financing Schools which contain the procurement and contract rules for schools
- 3.6.3 direct payments made to the end service user/resident following an appropriate assessment and agreement for direct support/personal budget

### **3.7 Exemptions relating to grants awarded**

- 3.7.1 grants awarded to third parties, correctly undertaken in accordance with Council procedures, save any provisions added to these Rules explicitly relating to grants.

### **3.8 Counterparty exempted contracts**

- 3.8.1 horizontal arrangements (e.g. contracts between contracting authorities where the arrangement is intended to achieve common goals in connection with the exercise of their public functions, the arrangement is solely in the public interest and no more than 20% of the activities envisaged by the arrangement are intended to be carried out for reasons other than for the purpose of their public functions)
- 3.8.2 vertical arrangements (e.g. a contract between a contracting authority (or two or more contracting authorities acting together) with a person over which the contracting authority owner has a form of control)
- 3.8.3 matters excluded under the Local Authority (Goods and Services) Act 1970 (as amended), where they are horizontal arrangements, only by agreement of the Monitoring Officer
- 3.8.4 delegation of functions to another local authority under section 101 of the Local Government Act 1972.

### **3.9 Exemptions for centralised procurement authorities**

- 3.9.1 When procuring goods, works or services from a centralised contracting authority by calling-off an established agreement, the procedures set out in that agreement prevail, which may include a mini-competition or direct award
- 3.9.2 This route to market must be pre-agreed in accordance with these Rules, no waiver to these Rules is required but normal Rules in respect of decision making and governance shall, and other Rules may, still apply.
- 3.10 Exemption from these Rules does not imply and cannot be inferred as any exemption from requirements as a matter of law.

## **4. DELEGATED AUTHORITY TO ENTER INTO CONTRACTS**

- 4.1 The Executive, or the relevant committee as delegated by Council or the Executive, shall have power to authorise the approval of contracts.
- 4.2 Authorised Chief Officers shall have power to enter into contracts on behalf of the Council under the Scheme of Delegation to thresholds stated.
- 4.3 The authority to further enter into contracts shall be documented within the Council's Scheme of Authorisation.
- 4.4 The contract award decision report seeking such authority to enter into contracts shall be in the format and containing the content as acceptable to or prescribed by:
  - 4.4.1 the Head of Democratic Services, for Key and Recordable Decisions
  - 4.4.2 the Assistant Director, Procurement and Supply, for other decisions
- 4.5 Where appropriate, the Officers in 4.4.1 and 4.4.2 shall discuss content to ensure it is mutually sufficient for the purpose.
- 4.6 Key Decisions and Recordable Decisions shall be recorded in the electronic database of decisions managed by Democratic Services.

- 4.7 All copies of decisions, including non-Key and non-Recordable Decisions, sent electronically to Strategic Procurement and Supply Assurance shall be maintained in line with the Council's Retention Schedule.

## **5. PRE-CONTRACT REQUIREMENTS**

- 5.1 A corporate contracts register number shall be obtained before commencing any procurement activity or entering into contracts over £5k.
- 5.2 Non-regulated below threshold procurement (quotations) may be undertaken by the commissioning officer identifying the need without the engagement of Strategic Procurement and Supply Assurance.
- 5.3 Officers shall ensure that all suppliers or potential suppliers are treated equally, without discrimination in a proportionate and transparent manner.
- 5.4 Officers shall not design a procurement exercise with the intention of artificially narrowing competition or favouring/disfavouring individual suppliers, or avoiding appropriate threshold levels within these Rules.
- 5.5 Officers shall act with regard to a 'Category Management' approach, grouping similar categories of cross council spend together for the most effective commissioning, procurement, contract management of and payment for that spend.
- 5.6 Officers shall maintain a record of all decisions taken and conflicts of interest in line with corporate guidance and maintain that record on file in line with the Council's Retention Schedule.

## **6. WAIVER REQUESTS**

- 6.1 No officer, member or the Executive has any authority to waive any matter which is required under the Law. The law cannot be waived under any circumstances.
- 6.2 In exceptional circumstances the Assistant Director, Procurement and Supply may waive a Rule (or Rules) following the obligations in the Rules, demonstrating the significant reasons to justify the request.
- 6.3 Waiver requests to the Procurement Rules shall only be considered on the basis of a written report ("waiver request") produced in advance of procurement activity from the Officer on the template provided within the Toolkit.
- 6.4 A waiver request authorised by the Assistant Director, Procurement and Supply is needed whenever the Council's Rules are not being adhered to, regardless of whom is undertaking the procurement, whether an Officer, agent or collaborative/partnership body.
- 6.5 All waiver requests shall set out:
- 6.5.1 good operational and financial reasons
  - 6.5.2 the overriding public interest
  - 6.5.3 value for money



- 6.5.4 social value
  - making it clear which Rule (or Rules) are not going to be followed, addressing all matters outlined on the waiver request template.
- 6.6 Applicable examples of valid Waiver Requests, subject to the final decision of the Assistant Director, Procurement and Supply, may include:
  - 6.6.1 demonstrable lack of competition
    - (a waiver request is not required when switching to direct award following a fully competitive procurement exercise, but must be satisfactorily recorded in the Contract Award report)
  - 6.6.2 demonstrable intellectual property rights or exclusive rights
  - 6.6.3 limited extensions to existing arrangements
  - 6.6.4 urgency for services strictly necessary, but which urgency is not attributable to any act or omission of the Council and could not be foreseen
  - 6.6.5 specific user choice contracts, generally in relation to social care.
- 6.7 Where a collaboration is on-going (e.g. in the case of a shared service arrangement) exceptions may be agreed, by the Assistant Director, Procurement and Supply or Executive (as deemed appropriate in consultation with the Monitoring Officer) in respect of all procurements by the other body which are undertaken as part of that arrangement without the need for a waiver.
- 6.8 The waiver request must include implications from:
  - 6.8.1 Corporate Finance
  - 6.8.2 Strategic Procurement and Supply Assurance
  - 6.8.3 Legal Services
- 6.9 Waiver requests shall be agreed for acceptance of risk including potentially financial risk in line with decision making and the Council's Scheme of Authorisation by the Commissioning directorate.
- 6.10 The decision maker on waiver requests to the Rules shall be the Assistant Director, Procurement and Supply.
- 6.11 The Corporate Director (or officer in line with their Scheme of Authorisation) shall then be able to decide whether to proceed with the award on the basis of the approved waiver request.
- 6.12 In discussion with the Monitoring Officer (or their representative), the Assistant Director, Procurement and Supply, may for a minor infraction propose a corrective action plan be completed by an Officer in order to document only any matter which has not been completed in accordance with the Rules, noting the implications and recommended corrective action.
- 6.13 A waiver request is not required where a request has been allowed for in both the original decision report and the agreement.
- 6.14 A waiver request is not required for any direct appointment under £25,000 excluding VAT (or where VAT is not applicable) or £30,000 inclusive of VAT.

## **7. MANAGEMENT AND OWNERSHIP**

- 7.1 The Monitoring Officer, as the statutory officer responsible for the legal governance of the Council, shall own these Rules as part of the Constitution and review all proposals to keep them up-to-date.
- 7.2 The Head of Democratic Services on behalf of the Monitoring Officer, shall keep up-to-date as required all templates, forms and guidance for formal decision making.
- 7.3 The Assistant Director, Procurement and Supply shall
  - 7.3.1 author and act as the custodian of these Rules
  - 7.3.2 manage delivery and advise on the content of these Rules
  - 7.3.3 have the final decision on officer requests to waive Rules
  - 7.3.4 provide professional commercial supply chain leadership
  - 7.3.5 coordinate any proposed Rule changes.
- 7.4 The Assistant Director, Procurement and Supply, shall oversee and keep up to date the Toolkit with templates, forms and guidance to support delivery of these Rules and council policies.
- 7.5 All matters within these the Rules reserved for the Assistant Director, Procurement and Supply may be undertaken by their nominated representative(s), who must report directly to the post.
- 7.6 Where there is conflict between Law and the Rules, the Law and then the Rules shall apply in that order of priority. Any explanation or clarification of the Rules shall come from the Assistant Director, Procurement and Supply.
- 7.7 The Rules may have minor amendments from time to time by the Monitoring Officer following a proposal of the Assistant Director, Procurement and Supply by notifying any relevant Committee or the Executive to meet any obligations imposed by the Law or organisational changes.
- 7.8 Significant changes to the Rules may be proposed when needed, but may require the approval of Council upon the advice of the Monitoring Officer.
- 7.9 The Rules may be modified from time to time in accordance with the provisions of these Rules and the Council's Constitution.
- 7.10 The Rules may be waived in exceptional circumstances and in accordance with the provision set out in the Rules.
- 7.11 All contracts entered into over £25k excluding VAT (£30k including VAT) shall be made in writing and executed in accordance with the Rules.
- 7.12 All Contracts shall be awarded in accordance with the Rules without any special favour as a result of Conflict of Interest and any conflict shall be appropriately declared.

## **8. CONDUCT AND CONFLICTS OF INTEREST**

- 8.1 Officers shall conduct themselves in line with the law, the Constitution and particularly these Rules in regard to commercial matters and the Employee Code of Conduct.
- 8.2 Officers shall take all reasonable steps to support the Council in its duty to identify, keep under review and manage any actual conflicts of interest, potential conflicts of interests and perceived conflicts of interest in order for the Council to comply with its new duties under the PA23.
- 8.3 Officers shall:
  - 8.3.1 follow the guidance provided within the Toolkit and any professional advice given by the Assistant Director, Procurement and Supply (or the Monitoring Officer)
  - 8.3.2 seek to avoid a conflict of interest creating an unfair advantage or disadvantage for a supplier
  - 8.3.3 undertake a conflicts assessment prior to Procurement and Supply publishing a tender or transparency notice
  - 8.3.4 include within the conflicts assessment details of the actual or potential conflict identifies and any steps the Council has or will take to mitigate that conflict
  - 8.3.5 consider where the Council is aware of circumstances that it considers are likely to cause a reasonable person to wrongly believe there to be a conflict or potential conflict, the conflicts assessment must include details of any steps the Council has taken or will take to demonstrate no such conflict or potential conflict exists
  - 8.3.6 keep any conflict assessments under review and revise as necessary
  - 8.3.7 confirm that a conflicts assessment has been prepared and revised in accordance with the guidance provided to comply with PA 23, before Procurement and Supply publish any notices on behalf of the Council.
- 8.3 Commercial Conflicts of Interest may include any direct or indirect personal, professional and/or financial interest. The conflicts assessment shall be maintained throughout the lifetime of the contract.
- 8.4 Officers shall complete documentation required by the Assistant Director, Procurement and Supply in regard to Conflicts of Interest and adhere to any instructions or assessment given by the Assistant Director, Procurement and Supply on how to mitigate any form of commercial Conflict of Interest.
- 8.5 In the event that a conflict of interest puts any supplier at an unfair advantage and this cannot be avoided, or the supplier refuses to take the sufficient steps required by the Council under the advice of the Assistant Director, Procurement and Supply to avoid it, then the Assistant Director, Procurement and Supply at their discretion shall make that supplier an excluded supplier in compliance with law.
- 8.6 Officers shall not accept any gift or reward (either personally or on behalf of the council) before, during or after a commissioning, procurement, contract management and/or payment activity process beyond nominal value.

- 8.7 Officers shall declare any personal interest(s) in a procurement/contract prior to any involvement in a contract the Council is considering or a contract that has already commenced in any manner prescribed by the Council in addition to the relevant conflicts assessment.
- 8.8 A clear approval process and separation of duties shall be maintained, as a control principle, requiring more than one person to complete a task to minimise risk of error or fraud.
- 8.9 Officers shall report any conflict of interest known to them regarding the procurement/contract, whether or not they are the individual concerned, on the respective conflicts assessment or to the Assistant Director, Procurement and Supply.

## **9. CORPORATE CONTRACTS**

- 9.1 A Corporate Contract is an agreement mandated to be used by Officers in the Toolkit for all Council spend within a specific category.
- 9.2 Officers shall purchase relevant needs under the Corporate Contract wherever available, unless a waiver has been agreed in accordance with these Rules.
- 9.3 The Assistant Director, Procurement and Supply shall advise whether an agreement should be made corporate.
- 9.4 A list of all agreements that have been designated as Corporate Contracts shall be published internally on the Council's intranet.

## **10. TRANSITIONAL ARRANGEMENTS**

- 10.1 Commercial arrangements which commenced before 24 February 2025 shall be defined as 'Transitional Arrangements' for the purposes of these Rules.
- 10.2 Transitional Arrangements are a matter of law to avoid disruption to existing commissioning, procurement and contract management activity.
- 10.3 The commissioning officer shall follow the relevant procurement legislation when carrying out a procurement process and subsequently awarding a contract for the supply of goods, services or for the execution of works.
- 10.4 Under the UK Government's transitional arrangements, officers shall ensure that procurements commencing after the entry into force of the PA 23 on 24 February 2025 shall be conducted by reference to the PA 23 only.
- 10.5 Officers shall ensure that procurements commenced under previous Regulations shall continue to be procured and managed under those Regulations.
- 10.6 Any contracts awarded under previous Regulations will continue to be managed under those Regulations until such a time as the contract or commercial tool (i.e. Framework, Dynamic Purchasing System) ceases to exist.
- 10.7 A commercial matter shall be seen to have commenced where, before 24 February 2025:
- 10.7.1 a Contract Notice has been placed inviting tenders

- 10.7.2 tenders have been requested or received
- 10.7.3 a contract and/or agreement is running and has not expired.
- 10.8 Any Prior Information Notice, pre-market engagement or other notification that a procurement activity is scheduled to commence shall not indicate commencement.
- 10.9 Procurement activity planned to commence before 24 February 2025, but which does not commence until after 24 February 2025, shall not be considered commenced.
- 10.10 The Public Contracts Regulations 2015 shall apply to Transitional Arrangements and not the PA23 or Procurement Regulations 2024.
- 10.11 Transitional Arrangements shall continue until their natural conclusion or termination and may be extended in line with the terms of the agreement and the Public Contracts Regulations 2015.
- 10.12 Dynamic Purchase agreements can continue to be utilised after 24 February 2025 until the end of the planned term, it is cancelled or 23 February 2029, whichever is the earlier, but any extensions shall be executed before 23 February 2026 as a matter of law.
- 10.13 All significant changes in scope i.e. a modification providing any supply of goods, works and/or service and additionally any significant change in value or duration, shall be agreed with the Assistant Director, Procurement and Supply, who may stop the action of matters not reserved for Executive, prior to any formal decision making.
- 10.14 Standard decision-making processes apply to Transitional Arrangements.

## **11. INTERNALLY NOTIFIABLE CONTRACTS (TO COUNCIL DEPARTMENTS)**

- 11.1 The Executive, relevant delegated committee or Officer shall not enter into contracts exceeding £175k excluding VAT for the aggregate whole lifetime of the contract without having notified and consulted:
  - 11.1.1 the Assistant Director, Procurement and Supply's representative to assign a specialist officer to the procurement
  - 11.1.2 the Assistant Director of Finance's representative to discuss the methods of financing, including in particular the use of leasing
- 11.2 The Executive, relevant committee or officer shall not enter into contracts having a value exceeding £175k without having previously instructed the Deputy Director of Law's nominated officer in Legal Services.
- 11.3 Any proposed contracts that:
  - 11.3.1 will or could be connected to the Council's IT infrastructure network or could be determined a digital, technology or telephony device, including hardware, software, cloud services and storage, as well as data systems, services, electronic business applications, digital consultancy or agreements requiring

data transfer need the prior agreement of the Director of Digital Services (or their nominated representative)

- 11.3.2 will directly impact or change the fabric of a corporate building asset need the prior agreement of the Director of Housing New Build and Corporate Landlord (or their nominated representative) in addition to relevant permissions such as building control or planning
- 11.3.3 exceed £175k excluding VAT need to be considered in advance by any applicable board, as determined by the Assistant Director, Procurement and Supply, and agreed by the officer with appropriate delegated authority.

## **12. EXTERNALLY NOTIFIABLE CONTRACTS**

- 12.1 From time to time, contracts may have externally notifiable requirements e.g. for compliance with health and safety, to comply with conditions of grants received etc. In the event of an externally notifiable contract requirement, the commissioning officer is responsible for ensuring that these requirements are met, even when they are not directly the individual making the required return.

## **13. CONTRACT VALUE AND AGGREGATION**

- 13.1 Officers commissioning goods, works and/or services shall:
  - 13.1.1 establish an anticipated spend value – this is the Contract Value
  - 13.1.2 add the value of two or more contracts where the goods, works or services could reasonably be supplied in a single contract to establish the Contract Value, under the guidance of the Assistant Director, Procurement and Supply
  - 13.1.3 not artificially fragment in any way to unreasonably under or overestimate Contract Values to avoid these Rules, Council governance, law or publication of a public notice by Procurement and Supply
  - 13.1.4 use an average historical spend where available, adding an inflationary uplift, if there is no better means for determining anticipated contract spend
  - 13.1.5 use the Contract Value to determine which Value Band is the appropriate route to procurement, summarised in the threshold tables of these Rules
  - 13.1.6 take into account all of the facts which are material to the estimate and available to the Council at the time it makes the estimate
  - 13.1.7 treat any contract where it is not possible to estimate the contract value as being above the threshold for a public notice published by Procurement and Supply before commencing any procurement
  - 13.1.8 all public notices shall be published by Procurement and Supply with values inclusive of Value Added Tax (VAT) unless otherwise indicated
  - 13.1.9 not enter into 'evergreen contracts' (which continue without an end date or which renew automatically or renew by notice each period unless a party

serves notice/cancels) without the consent of the Assistant Director, Procurement and Supply on an agreed waiver request

- 13.1.10 where the Council is the lead authority for a joint procurement, the total value of the opportunity must also include the amount which relates to other participants.

**Standard contracts (i.e. not frameworks or concession contracts)**

- 13.2 The Contract Value shall estimate the value of a contract as a maximum amount the Council could expect to pay under the contract including:

13.2.1 where applicable amounts already paid or for which there is potential to pay

13.2.1 wherever possible, accurate forecasting of spend shall be used, with appropriate consideration for savings

13.2.3 where estimating the value of two or more contracts and the goods, services or works to be supplied under those contracts could reasonably be supplied under a single contract then the Council must estimate the value of each of the contracts as including the value of all of the contracts, unless the Council has good reasons not to do so (also known as 'aggregation').

- 13.3 The Contract Value shall include amounts that would or may be payable:

13.3.1 for any goods, works and/or services provided for or likely to be provided for under the scope of the contract;

13.3.2 if an option for additional goods, works or services within the scope of the contract were exercised, including any service or project delivery risks;

13.3.3 if an option for additional goods, works or services were procured for another Contracting Authority for the purposes of public procurement and public notices, which may or may not form part of Council decision making;

13.3.4 if the contract were to be extended, whether or not it is known if these extension options may or may not be taken;

13.3.5 if the contract were to be renewed in some manner, save a brand new and valid procurement exercise to the satisfaction of the Assistant Director, Procurement and Supply, such as an assumed or non-assumed renewal clause;

13.3.6 for any call-off or commission applicable to or under the contract;

13.3.7 for any premium, fee, disbursement, charge applicable to or under the contract including any costs of decommissioning the contract;

13.3.8 for any interest, loan, late payment fee, index, inflation or uplift linked to the contract;

13.3.9 for any rebate or returned amount under the contract which shall be added to, not deducted from, the value of the contract;

13.3.10 for any sub-contracted or sub-let work underneath the contract;

- 13.3.11 for any prizes, gifts or awards given out under the contract e.g. amount given to a resident or business or other entity;
- 13.3.12 for any amounts given to participants within the procurement as part of the contract whomsoever they may be.
- 13.4 Where there is doubt as to whether any spend should be considered included as part of the Contract Value, the decision shall be referred to the Assistant Director, Procurement and Supply, whose decision shall be final.

### **Frameworks**

- 13.5 Whilst a framework is potentially of nil value in itself and potentially has no value or volume of work guaranteed, for the purposes of procuring a framework the Contract Value of the framework shall be calculated as the:
  - 13.5.1 total of all call-off contracts which have or may be awarded pursuant to the framework
  - 13.5.2 total of all call-offs under all frameworks, which are under an open framework
  - 13.5.3 any other amount potentially payable as outlined in 13.3.
- 13.6 All frameworks and open frameworks which exceed 48 months (or 4 years) in duration need the consent of the Assistant Director, Procurement and Supply.

### **Concessions (and contracts for income)**

- 13.7 A contract shall be considered a Concession Contract only where:
  - 13.7.1 there is pecuniary interest; **and**
  - 13.7.2 part of the consideration concerns right to exploit; **and**
  - 13.7.3 the contract represents a real operating risk, as defined in the Procurement Act 2023 and other pertaining guidance to concessions.
- 13.8 A Concession Contract shall be the maximum amount the supplier could receive under or in connection with the contract, including where applicable, amounts already received.
- 13.9 The value of a Concession Contract includes the amount:
  - 13.9.1 of revenue, monetary or non-monetary, pursuant to the right to exploit;
  - 13.9.2 whether the value goes to the awarded supplier, Council or other entity;
  - 13.9.3 of value of goods, works and services provided save payment;
  - 13.9.4 of any additional goods, works and services confirmed or not;
  - 13.9.5 of any ability to extend or renew the contract confirmed or not;
  - 13.9.6 of premiums, fees, charges, commissions, disbursements, interest etc.;



- 13.9.7 received on sale of assets held by the supplier under the contract.
- 13.10 All concession agreements need the consent of the Assistant Director, Procurement and Supply and are subject to these Rules.

### **Dynamic Markets**

- 13.11 Dynamic Markets shall be a list of qualified suppliers who have met the conditions for membership of the dynamic market who are eligible to participate in future procurements, following a competitive flexible procedure.
- 13.12 Only suppliers who are members of that specific dynamic market chosen or utilised may be considered.
- 13.13 Dynamic markets shall only be used for the award of above-threshold public contracts and therefore cannot be considered for any matters in value band i-iii) for quotations and only matters within value band iv) and above under the guidance of the Assistant Director, Procurement and Supply.
- 13.14 Dynamic Markets shall not be created without the prior approval of the Assistant Director, Procurement and Supply, with a clear business case outlining how the additional management resource implications shall be met.

## **14. GOODS, WORKS OR SERVICES**

- 14.1 The Assistant Director, Procurement and Supply shall determine whether the contract shall be considered goods, works or services and advise how to manage situations where the subject matter is not sufficiently clear.

## **15. SPECIAL REGIME CONTRACTS**

- 15.1 The Assistant Director, Procurement and Supply shall determine whether the contract shall be considered a special regime contract and advise how to manage situations where the subject matter is not sufficiently clear.
- 15.2 Special regime contracts shall include on the advice of the Assistant Director, Procurement and Supply a:
- 15.2.1 Concession Contract
  - 15.2.1 defence and security contract
  - 15.2.3 light touch contract
  - 15.2.4 utilities contract
  - 15.2.5 contracts for health care services, which shall be procured in accordance with the Health Care Services (Provider Selection Regime) Regulations 2023.
- 15.3 No waiver to these Rules is required but normal Rules in respect of decision making and governance shall, and other Rules shall, still apply as guided by the Toolkit and/or the Assistant Director, Procurement and Supply.

## **16. ADVERTISING AND NOTICES**

- 16.1 Adverts and Notices for procured services shall only be published by Strategic Procurement and Supply Assurance.
- 16.2 Strategic Procurement and Supply Assurance shall advise on the wording and content of any Advert or Notice, based on service requests.
- 16.3 The Assistant Director, Procurement and Supply shall have the final say on the content of any applicable Advert or Notice where there is disagreement on the content to be published, seeking legal guidance if deemed required in their view.
- 16.4 All adverts and public notices shall be placed on the government's Central Digital Platform via the Council's e-tendering system.
- 16.5 Strategic Procurement and Supply Assurance shall be responsible with ensuring no Advert or Notice is despatched for publication that is non-compliant with minimum publication requirements.
- 16.6 All published Adverts and Tender Notices made public shall also be published on the Council's website, unless otherwise agreed by the Assistant Director, Procurement and Supply.
- 16.7 All Adverts and Notices shall be published in accordance with legal requirements and under the principles of transparency. For example all Tender Notices shall include the Contract Value and the price/quality breakdown which cannot be amended unless otherwise agreed by the Assistant Director, Procurement and Supply and their instructions adhered to.
- 16.8 As a matter of policy all Adverts and Tender Notices shall include a weighting of 20% for Social Value, unless otherwise agreed by the Assistant Director of Procurement and Supply.

## **17. RESERVING CONTRACTS**

- 17.1 In accordance with the Progressive Procurement Strategy 2020/27, the Council shall conduct procurement processes that result in:
  - 17.1.1 the award of contracts to suppliers that that optimise:
    - 17.1.1.1 the number of local people employed on the contract, including those with the greatest barriers to work e.g. long term unemployed; people with disabilities; people from ethnic minority backgrounds; and women
    - 17.1.1.2 the number and percentage of local people offered training and apprenticeships;
    - 17.1.1.3 the number and percentage of council's target groups with employment or training opportunities on the contract; and/or

- 17.1.2 the award of contracts to the optimal number of 'Local Suppliers' i.e. those from Islington and its adjoining boroughs:
  - 17.1.2.1 Islington's sub-regional contractors and sub-contractors;
  - 17.1.2.2 local small and medium businesses (based in the area of Islington and its adjoining councils);
  - 17.1.2.3 social enterprises and co-operatives.
- 17.2 Contracts which:
  - 17.2.1 do not require competition under these Rules
  - 17.2.2 do not require a public Advert or Noticeshall be awarded to Local Suppliers, whenever suitable suppliers are within reason identified, affordable and available.
- 17.3 As a matter of policy, Contracts which:
  - 17.3.1 require competition
  - 17.3.2 do not require a public Advert or Noticeshall be awarded to Local Suppliers, whenever suitable suppliers are within reason identified, affordable and available.
- 17.4 If sufficient suitable Local Suppliers cannot be identified then Strategic Procurement and Supply Assurance shall review the reasonableness of the case.
- 17.5 If suitable Local Suppliers cannot be identified this shall clearly be identified and recorded within the justification for award.
- 17.6 If no Local Supplier can be identified in a competitive reserved situation then the written agreement of the Assistant Director, Procurement and Supply is required to confirm that no local supplier is available.
- 17.7 Advertised Below Threshold contracts i.e. those between Value Band i) until Value Band iii), may be reserved to specific groups e.g.:
  - 17.7.1 suppliers within a geographic area
  - 17.7.2 small and medium sized enterprises (SMEs)
  - 17.7.3 voluntary and community sector enterprises (VCSEs)when agreed in writing by the Assistant Director, Procurement and Supply and their guidance is strictly adhered to on what the Council shall have regard to.
- 17.8 Any value Contract may be reserved for:
  - 17.8.1 supported employment providers
  - 17.8.2 public service mutualswhen agreed in writing by the Assistant Director, Procurement and Supply and their guidance strictly adhered to on what the Council shall have regard to.

## 18. CONSULTANTS, CONSULTANCY FIRMS, AND INTERIMS

- 18.1 Engagement of any consultant requires the completion of a consultancy business case in line with the online guidelines provided by Strategic Procurement and Supply Assurance and the instructions therein adhered to including authorisation.
- 18.2 Consultants shall:
- 18.2.1 include any independent self-insured third party person or organisation (i.e. not an employee of the Council), who provides professional independent advice and recommendations in the form of a written report on which business decisions are made for and by the Council, as opposed to an individual service user
  - 18.2.2 be engaged for their professional advice and recommendations on contract for services with appropriate control over how, when and by whom work is completed, dependent on the circumstances, rectifying any errors at the Consultant's expense, risking their money and providing the majority of their own equipment for the work
  - 18.2.3 have a business case completed by the client commissioning officer i.e. the person in the Council responsible for identifying and specifying the need(s) for the contract. One business case may set out a need for a period of time or multiple needs under one overall project
  - 18.2.4 require initial approval of the business case from the **Chief Executive** or the client commissioning officer's **Corporate Director** (or their nominated representative on a Chief Officer grade on their departmental Scheme of Authorisation), THEN go through the relevant approval process as set out in the business case template (unless otherwise determined by the Assistant Director, Procurement and Supply
  - 18.2.5 be quality assured as determined by the Assistant Director, Procurement and Supply and outlined within the business case template in regard to approval
  - 18.2.6 be endorsed as ready for the decision maker to agree or informed if their proposed consultant is not endorsed or whether more information is needed for an endorsement to be reached
  - 18.2.7 require normal decision making governance such as Recordable Decisions or Key Decisions which shall still apply
  - 18.2.8 also include interim appointments to the Council's establishment, other forms of contingent labour, locums, temporary agency workers outside of the Council's established corporate contract, and/or within the established corporate contract where the day rate is above the threshold specified in the consultancy business case template
  - 18.2.9 undergo relevant vetting requirements and have established the appropriate obligations for taxation by the client commissioning officer prior to their appointment
- 18.3 Whether a need and/or assignment constitutes consultancy shall be determined by the Assistant Director, Procurement and Supply. The process for business case authorisation and the associated procurement process shall adhere to the requirements set by the Assistant Director, Procurement and Supply.

- 18.4 The corporate contracts database register number shall only be provided once the consultancy business case has been completed.
- 18.5 Approval of the consultancy business case is required prior to any procurement and/or engagement and/or assignment takes place.

## **19. DECISION TO SUSPEND, TERMINATE OR RESTART**

19.1 The Assistant Director, Procurement and Supply, may suspend, terminate or require a restart of any procurement or contract where, in their opinion:

- 19.1.1 value for money has not been achieved
- 19.1.2 abnormally low tender(s) have been received
- 19.1.3 there is a conflict of interest
- 19.1.4 breach of procedure, unlawful conduct or another reasonable ground has occurred

following a proportionate investigation to their satisfaction and, where appropriate, in accordance with any contract terms and conditions and the law.

- 19.2 Such action as outlined in 19.1 does not limit the Assistant Director, Procurement and Supply's right to propose other recommendations or actions.
- 19.3 A supplier or council officer may appeal the decision to the Assistant Director, Procurement and Supply, only where new evidence has been demonstrably uncovered.
- 19.4 If dissatisfied, after 19.3, a supplier or council officer may escalate that appeal to the Monitoring Officer of the Council for final decision.

## **20. PROCUREMENT PROCEDURE, TECHNIQUE, CONTENT AND PROCESS**

- 20.1 Advice on the most appropriate procurement procedure, technique, content and process shall come from the Assistant Director, Procurement and Supply.
- 20.2 Any proposal to amend the procurement procedure, technique, content and process shall be referred to the Assistant Director, Procurement and Supply for final decision.

## **21. NO, ONLY ONE, ABNORMALLY LOW, LATE AND NON-COMPLIANT BIDS**

- 21.1 If no bid is received from a specific supplier, but sufficient bids were invited and the contract can be awarded, the procurement may proceed on that basis.
- 21.2 If no bids are received at all, then the advice and recommendations of the Assistant Director, Procurement and Supply shall be followed.
- 21.3 If only one bid is received where multiple suppliers are invited, the matter shall be referred to the Assistant Director, Procurement and Supply, to affirm next steps and

assess whether the procurement has been undertaken proportionately and fairly without artificially narrowing competition.

- 21.4 If any bid is perceived to be abnormally low, then the supplier shall be asked to explain in writing the prices or costs within their bid.
- 21.5 Late bids shall not be considered unless otherwise agreed by the Assistant Director, Procurement and Supply.
- 21.6 Non-compliant bids shall be recorded as such and disqualified from the procurement, unless otherwise agreed by the Assistant Director, Procurement and Supply.

## **22. PROCUREMENT CLARIFICATIONS**

- 22.1 All clarification questions received before the completion of the procurement or the date advised within the procurement documents shall be answered.
- 22.2 All clarifications shall be received and responded to in writing, recorded in a log which includes:
  - 22.2.1 Who requested the clarification
  - 22.2.2 What needs to be clarified
  - 22.2.3 What the clarification was in terms of answer
  - 22.2.4 Who provided the clarification and when
  - 22.2.5 To whom and when the clarification was sent.
- 22.3 Clarifications shall not be used as a means to disproportionately alter the procurement or its subject matter or unreasonably negotiate.
- 22.4 Legal advice shall be sought where there is doubt whether a matter extends beyond a reasonable clarification.
- 22.5 Any final decision on clarifications where there remains uncertainty shall come from the Assistant Director, Procurement and Supply.

## **23. PRELIMINARY MARKET ENGAGEMENT**

- 23.1 Before issuing an invitation to bid, officers shall engage in preliminary market engagement in accordance with the guidance published by Strategic Procurement and Supply Assurance in the Toolkit.
- 23.2 Preliminary market engagement shall not be undertaken in such a way as to:
  - 23.2.1 put any supplier at an unfair advantage or disadvantage
  - 23.2.2 distort competition
- 23.3 A comprehensive record of all market engagement including outcomes shall be maintained by the commissioning department.

- 23.4 Queries on preliminary market engagement shall be referred to Strategic Procurement and Supply Assurance, who shall refer them to the Assistant Director, Procurement and Supply where appropriate.
- 23.5 Officer shall provide Procurement and Supply with all information in regards to preliminary market engagement needed to publish a notice.
- 23.6 Preliminary market engagement may not be used to:
- 23.6.1 shortlist or pre-qualify suppliers
  - 23.6.2 base any specification on one supplier's capability or offering such as to distort competition
  - 23.6.3 make any indication or commitment to suppliers that their capability or offering may be preferred by the Council
  - 23.6.4 provide any of the Council's information to one supplier that is not available to every other supplier; or
  - 23.6.5 enter into negotiations about any form of delivery or price where a competitive procurement process has yet to take place.
- 23.7 Any preliminary market engagement carried out shall meet the relevant objectives set out in Rule 1 of these Rules, be fully documented and shared as appropriate.

## **24. DUTY TO CONSIDER LOTS**

- 24.1 Before commencing an invitation to bid from value band iii) and above, all commissioners shall consider whether:
- 24.1.1 the goods, works or services could reasonably be supplied under more than one contract; and
  - 24.1.2 such contracts could be awarded with reference to lots.
- 24.2 All consideration of lots shall be documented including any reason for not entering into multiple contracts.
- 24.3 Officers may limit the number of lots which may be awarded to one supplier.

## **25. SUPPLIER INFORMATION AND CONDITIONS OF PARTICIPATION**

- 25.1 Strategic Procurement and Supply Assurance shall provide the client commissioning officer with relevant information from the Central Digital Platform.
- 25.2 As a matter of law, Selection Questionnaires can only be used to assess conditions of participation adhering to the templates and guidance provided by Strategic Procurement and Supply Assurance.

- 25.3 When provided, the client commissioning officer shall review (or arrange to have reviewed by competent person(s)) the core supplier information provided:
  - 25.3.1 supplier basic information
  - 25.3.2 economic and financial standing information
  - 25.3.3 connected person information set out in regulation 11, and
  - 25.3.4 exclusion grounds information.
- 25.4 The Council shall determine whether a supplier is excluded or excludable within the parameters set in law. Where a decision is made to exclude a potential supplier, that supplier shall be removed from any procurement activity and not awarded a contract, unless otherwise agreed by extreme exception cleared by the Assistant Director, Procurement and Supply.
- 25.5 Suppliers found guilty of conducting fraud, such as 'cover pricing' or continuing unacceptable conduct, such as Blacklisting, shall usually be considered excluded or excludable, dependent on the merits of the assessment in the view of the Assistant Director, Procurement and Supply
- 25.6 If in the view of the Assistant Director, Procurement and Supply a presented case demonstrates that a supplier has acted improperly, then that supplier shall be excluded from participating further in the procurement. Examples may include not exhaustively:
  - 25.6.1 failing to provide information
  - 25.6.2 providing inaccurate, incomplete or misleading information
  - 25.6.3 accessing confidential information
  - 25.6.4 attempting to unduly influence decision making.
- 25.7 Entirely at their discretion, the Assistant Director, Procurement and Supply, may write to a supplier in a procurement regarding their conduct, setting out corrective action to be taken to avoid becoming excluded from a procurement.
- 25.8 Conditions of Participation may be set which are proportionate to the value of the procurement being undertaken, limited to:
  - 25.8.1 legal and financial capacity to perform the contract
  - 25.8.2 technical ability to perform the contract.
- 25.9 Assessment of the above criteria shall be undertaken in accordance with the guidance set by the Assistant Director, Procurement and Supply.
- 25.10 The Common Assessment Standard may be used for above threshold Works contracts when advised by the Assistant Director, Procurement and Supply.



## **26. MOST ADVANTAGEOUS TENDER (MAT) AND AWARD CRITERIA**

- 26.1 All contracts shall be awarded in accordance with the needs of the Council and the principles of MAT with their respective award criteria i.e the requirements against which bids will be assessed.
- 26.2 Unless otherwise agreed by exception by the Assistant Director, Procurement and Supply, the award criteria of every invitation to tender (and wherever possible, invitation to quote) which the Council leads shall ensure a minimum of:
- 26.2.1 20% awarded to social value
- 26.2.2 40% weighted to costs.
- 26.3 Invitations to Bid, whether Invitations to Quote or Invitations to Tender, shall only be commenced once the appropriate decision maker has agreed authority to procure.
- 26.4 Award criteria shall:
- 26.4.1 relate to the subject matter of the contract
- 26.4.2 be clear, specific and measurable
- 26.4.3 comply with guidance on specifications as provided
- 26.4.4 be proportionate to the nature, complexity and cost of the contract
- 26.4.5 be included within the invitation to bid documents and, where appropriate, any public notice or advertisement published
- 26.4.6 not include trade marks, solutions or specified companies or information unless essential and agreed by Strategic Procurement and Supply Assurance, and always allowing for any equivalents
- 26.4.7 have clear stipulated weighting for each criterion as guided by Strategic Procurement and Supply Assurance.
- 26.5 All bids shall be assessed against the published award criteria only in accordance with the guidance provided by Strategic Procurement and Supply Assurance.
- 26.6 Award criteria may only be refined with the express consent of the Assistant Director, Procurement and Supply.

## **27. AUDITABLE REQUIREMENT WHEN BIDDING**

- 27.1 All Invitations to Quote (including mini-competitions from framework agreements or dynamic purchasing systems / dynamic markets within Value Bands i-iii) shall be undertaken electronically and be fully auditable in accordance with the guidelines held in the Toolkit, unless otherwise agreed by the Assistant Director, Procurement and Supply.
- 27.2 All Invitations to Tender (including mini-competitions from framework agreements or dynamic purchasing systems / dynamic markets over Value Band iv) shall be undertaken electronically, fully auditable and conducted through the Council's electronic tender portal and in accordance with the guidelines held in the Toolkit,

unless otherwise agreed in writing by the Assistant Director, Procurement and Supply.

- 27.3 Following an Invitation to Bid, whether Invitations to Quote or Invitations to Tender, authority to award shall adhere to these Rules, guidance within the Toolkit or advice of the Assistant Director, Procurement and Supply.
- 27.4 Regardless of value, all:
- 27.4.1 procurement activity undertaken by a third party for the Council is only permitted with the consent of the Assistant Director, Procurement and Supply and copies of all documents and assessments shall be made available to the Council.
  - 27.4.2 legal advice by a third party for the Council in connection with procurement requires the consent of the Monitoring Officer and shall be maintained on the legal case file.
  - 27.4.3 abandoning of a procurement, amendments to procurement scope, extension to procurement timescales or modifications to the terms of the procurement from the agreement of the original business case, excluding clarifications, require the consent of the Assistant Director, Procurement and Supply and their instructions strictly followed, particularly in relation to revised Notices.
- 27.5 Material records i.e. those relating to a decision within a procurement shall be kept for a minimum period of three years; those records might include supplier selection, down selection, exclusion or tender assessment with substantial records such as tender records, Notices and correspondence kept for the same time period.
- 27.6 All tender evaluations shall be undertaken in accordance with the guidance provided by Strategic Procurement and Supply Assurance and shall:
- 27.6.1 set out the assessment and methodology
  - 27.6.2 be based on the criteria, which is both clear and measurable
  - 27.6.3 not include relative characteristics of other bids
  - 27.6.3 include clear rounded whole number scores
  - 27.6.4 be set out in plain language an explanation for the score
  - 27.6.5 be reviewed consistently by the same panel for each criterion, but different criteria may have different panels if they are consistent.
- 27.7 The Commissioning Officer shall write to successful and unsuccessful bidders contemporaneously, providing their own result and that of the winning bidder, utilising standard templates provided and in accordance with governance call-in and in advance of standstill requirements where applicable.
- 27.8 Contracts shall not commence until call-in and standstill have been completed and the contract has been fully executed.
- 27.9 The Freedom of Information Act 2000 and Environmental Regulations 2004 gives people the right to see information that is held by any public organisation. Suppliers shall be asked to complete a Freedom of Information Schedule (or equivalent named

schedule) identifying any confidential or commercially sensitive information in their tender response.

27.10 To comply with the council's obligations under the UK General Data Protection Regulation (UKGDPR) and Data Protection Act 2018 due diligence shall be carried out on all suppliers processing personal data.

27.11 The use of sub-processors is only allowed on written agreement of the Council.

## **28. QUOTATION VALUE CONTRACTS**

28.1 A contract is classed as non-regulated when that contract has not been advertised in the procurement process.

28.2 When a suitable Corporate Contract, established framework agreement or equivalent suitable agreement is not available, Officers shall follow the procedure rules for quotation in the Threshold tables as follows:

28.2.1 Value Band i) for spend between £0 - £4,999 excl. VAT (£5,999 incl. VAT)

28.2.2 Value Band ii) for spend between £5k - £24,999 excl VAT (29,999 incl VAT)

28.2.3 Value Band iii) for spend between £25k - £177,897 excl VAT (£213,476 incl VAT)

28.2.4 Spend over £175k shall have the advice of Assistant Director, Procurement and Supply to decide whether it is appropriate to handle as a tender value contract, as opposed to a quotation value contract.

28.3 To comply with the Local Government Transparency Code 2015, all contracts in Value Band ii) and above shall be recorded on the corporate contracts register to support ensuring they are appropriately published in line with the Code.

28.4 All quotations for Value Band ii) and iii) shall be:

28.4.1 received in a written format, which may include email or catalogue pricing

28.4.2 sought and maintained electronically in writing (includes email) in line with the Council's Retention Schedule.

28.5 There are no prescribed timescales in law for receipt of quotations, but timescales shall be reasonable dependent on complexity of the quotation.

28.6 Standard template documentation is available in the Toolkit and the Council standard terms provided by Legal Services shall be used wherever possible.

28.7 All procurement documentation shall be provided to all bidders at the same time and any specific advice shall come from Strategic Procurement and Supply Assurance.

28.8 As a matter of law, excluding schools, if a contract in Value Band ii) or Value Band iii) is advertised in any way it becomes a regulated below-threshold contract and the Council is:

28.8.1 prohibited from restricting below-threshold submission of tenders by reference to an assessment of a supplier's suitability to perform the contract

- 28.8.2 mandated to consider barriers impacting SMEs
  - 28.8.3 obligated to remove or reduce barriers where possible
  - 28.8.4 required to adhere to strict advertising requirements
  - 28.8.5 become “notifiable below-threshold contracts” for central government
  - 28.8.6 required to meet strict invoicing guidelines as explained by Strategic Procurement and Supply Assurance.
- 28.9 Advertising of a contract in Value Band i) to Value Band iii) is at the strict discretion of the Assistant Director, Procurement and Supply and consent is by exception only.
- 28.10 For goods and services, if a contract in Value Band i) to Value Band iii) is modified in such a way that it exceeds during the life of the contract the top monetary value of Value Band iii), it shall be considered a Convertible Contract, which shall require a public Notice and voluntary standstill period. In such circumstances, the instructions of the Assistant Director, Procurement and Supply shall be adhered to.
- 28.11 For works, if a contract below the relevant threshold for works is modified in such a way that it exceeds during the life of the contract the relevant threshold for works, it shall be considered a Convertible Contract, which shall require a public Notice and voluntary standstill period. In such circumstances, the instructions of the Assistant Director, Procurement and Supply shall be adhered to.
- 28.12 For light touch and concessions contracts, if a contract in Value Band i) to Value Band iv) is modified in such a way that it exceeds during the life of the contract the relevant threshold for light touch and concessions contracts, it shall be considered a Convertible Contract, which shall require a public Notice and voluntary standstill period. In such circumstances, the instructions of the Assistant Director, Procurement and Supply shall be adhered to.

## **29. TENDER VALUE CONTRACTS**

- 29.1 Officers shall utilise an existing suitable Corporate Contract, established framework agreement or dynamic purchasing system where one is available.
- 29.2 Spend exceeding £175k excl VAT requires the advice of the Assistant Director, Procurement and Supply’s authorised representative to:
- 29.2.1 advise on the procurement and manage what, when and where advertisement(s) including contents are placed
  - 29.2.2 determine the appropriate procurement route and why e.g. whether in line with the procedures set out in law:
    - 29.2.2.1 a quotation process can be undertaken via the e-tendering system
    - 29.2.2.2 a below threshold tender is needed; or
    - 29.2.2.3 a formal tender is required.

- 29.3 As a matter of law, higher thresholds exist for light-touch services, concessions or works than those which exist for goods and other services, which the Council does not have the power to influence or disregard.
- 29.4 The Council is required by law to utilise an electronic tendering system, which is managed by Strategic Procurement and Supply Assurance, which shall link to the central digital platform.
- 29.5 When a Corporate Contract, established framework agreement or appropriate agreement is not available, Officers shall follow the procedure rules in the Threshold tables as follows:
- 29.5.1 Value Band iv) a or b up to £X excl VAT (or max £Y incl VAT),
- 29.5.2 Value Band v) a or b for spend between £X - £Y excl VAT (or £Z incl VAT)
- 29.5.3 Value Band vi) for spend over £X excl VAT (or over £Y incl VAT),
- 29.5.4 Value Band vii) no longer used.
- 29.6 Officers shall abide by the requirements as set out by Strategic Procurement and Supply Assurance in regards to the authority to procure, procurement route and authority to award.

### **30. APPROVED LISTS**

- 30.1 The Council does not operate any approved lists of suppliers corporately.
- 30.2 Suppliers being approved for payment, does not represent being on an approved list of suppliers, just that they have met mandate fraud checks on a particular date, which may be reviewed from time to time.
- 30.3 Suppliers may be approved for a specific agreement, but this does not represent being an approved supplier of the Council outside of that agreement.
- 30.4 Authority for a supplier to publish they are an approved supplier of the Council shall come from the Assistant Director, Procurement and Supply.

### **31. NUMBER OF INVITEES TO BID**

- 31.1 The selection of suppliers from whom bids shall be invited in accordance with the relevant threshold tables for the anticipated spend or for tenders as instructed by the Assistant Director, Procurement and Supply.

### **32. FORM OF INVITATION TO TENDER AND SUBMISSION OF TENDERS**

- 32.1 Every supplier submitting a tender shall be required to complete and sign a form of tender to confirm they meet the requirements as set out in the tender and accept the terms as included within the tender documentation.

- 32.2 All invitations to tender (and the subsequent tenders) shall be submitted electronically using the Council's electronic tender portal managed by Strategic Procurement and Supply Assurance. These invitations to tender shall be sent simultaneously to all bidders and include:
- 32.2.1 the relevant reference number and tender documents
  - 32.2.2 any relevant conditions of participation in addition to the award criteria including any weighting given and the methodology for scoring and assessing
  - 32.2.3 the deadline, language for return and method for return
  - 32.2.4 a description of the requirements with enough detail to allow the supplier to make a competitive offer (a specification or term brief)
  - 32.2.5 a requirement for suppliers to declare that they have not given the tender content and price to any other organisation (unless if necessary in confidence, such as the tender's subcontractors, with prior written authorisation from the Council)
  - 32.2.6 a requirement for suppliers to fill in fully and sign all tender documents (electronically signed by return for e-tenders)
  - 32.2.7 a statement that tenders are put forward at the supplier's expense
  - 32.2.8 a statement that tenders are only accepted electronically
  - 32.2.9 a statement that the Council can recover costs from the cancellation of any contract in the event the supplier should offer, agree to offer or provide an officer, member or person associated with the Council, partner or its agent an inducement or reward in respect of a contract
  - 32.2.10 a statement that the Council does not have to accept the lowest tender, or indeed any tender
  - 32.2.11 how any pricing mistakes discovered in the tender shall be dealt with
  - 32.2.12 background documentation needed to bid fairly/properly
  - 32.2.13 the contract terms for the agreement
  - 32.2.14 details of obtaining any relevant staff transfer information
  - 32.2.15 the KPIs by which a supplier shall be assessed, which shall be a minimum of 3 to be assessed in line with the national standard or equivalent as agreed by the Assistant Director, Procurement and Supply.
  - 32.2.16 when available, any relevant correspondence and clarifications
- 32.3 An electronic audit trail shall be maintained in compliance with legal requirements with any exception to standard process requiring the consent of the Assistant Director, Procurement and Supply.

### **33. OPENING OF TENDERS**

- 33.1 All tenders shall be conducted securely as an electronic soft copy through the Council's electronic tender portal, unless otherwise agreed in writing by the Assistant Director, Procurement and Supply.
- 33.2 The Assistant Director, Procurement and Supply shall procure and have responsibility for ensuring the proper management of an electronic tender portal which shall record with an automatic and auditable time and date stamp:
  - 33.2.1 when tenders are despatched
  - 33.2.2 any amendments/clarifications made during the tender
  - 33.2.3 when tenders are received, from whom and how much
  - 33.3.4 details of the tender including prices and duration
  - 33.3.5 when tenders were opened.
- 33.4 In the unlikely event of permission being agreed in an emergency only for receipt of hard-copy paper tenders, the advice of the Assistant Director, Procurement and Supply shall be followed. The tender shall be enclosed in a sealed envelope or container which has the word 'tender' followed by the contract name, but no other name or mark showing who sent it.
- 33.5 All extensions to tender return dates must be authorised by the Assistant Director, Procurement and Supply.

### **34. INACCURACIES AND OMISSIONS**

- 34.1 If a relatively minor inaccuracy and/or omission is identified in the view of the Assistant Director, Procurement and Supply:
  - 34.1.1 before the closing date for the return of tenders, all bidders shall be informed of the details and invited to adjust their tenders
  - 34.1.2 after the closing date for the return of tenders, all bidders shall be informed of the details and given the opportunity to withdraw or re-submit their tender, potentially requiring a new tender process.
- 34.2 Timescales shall be reviewed taking the advice of the Assistant Director, Procurement and Supply for a reasonable response that is proportionate to the importance of the information or change.
- 34.3 If an inaccuracy and/or omission is identified as major in the view of the Assistant Director, Procurement and Supply and may materially impact bids then case specific advice shall be provided, if necessary with other professional advice, potentially including abandoning the procurement exercise.
- 34.4 Where a supplier is invited to adjust, amend, confirm, correct or withdraw a tender, any submission shall be made in accordance with and subject to the same safeguards as the original offer.

- 34.5 Where a supplier's bid is incomplete or erroneous or partially missing the Council may request the supplier to submit, supplement, clarify or complete the relevant information or documentation within an appropriate time limit, provided the Assistant Director, Procurement and Supply is satisfied the principles of equal treatment and transparency have been maintained.
- 34.6 Negotiations regarding inaccuracies and/or omissions are only permissible where agreed by the Assistant Director, Procurement and Supply to ensure they are reasonable and correctly managed in consideration of relevant legislation.

## **35. AWARD OF CONTRACTS**

- 35.1 Contracts shall only be awarded on the basis of the award criteria, whether published in the advertisement / Tender Notice and/or procurement documents, which explain the full price and quality (including social value) breakdown.
- 35.2 Contracts shall be awarded on the basis of requirements set out in legislation, these Rules and any specific requirements, not being on the debarment list, conditions of participation where appropriate, and/or award criteria set out in the invitation documentation. The Council may exclude any supplier which does not meet such requirements.
- 35.3 For specific guidance on procurement evaluations and panel members which is not included within the Toolkit or managing a potential conflict of interest, the advice of the Assistant Director, Procurement and Supply shall be sought in the first instance.
- 35.4 For contracts in Procurement Value Band iv) and above, the Assistant Director, Procurement and Supply may appoint a representative to the evaluation panel or to advise the evaluation panel as appropriate.
- 35.5 Strategic Procurement and Supply Assurance shall advise on any public Notices to do with award of contracts including Award Notices, Contract Details Notices and publishing of a signed contract where appropriate and applicable.

### **Exclusion and Debarment**

- 35.6 The Assistant Director, Procurement and Supply, or their nominated service officer, shall ensure that suppliers invited to participate or those suppliers that have submitted bids will be reviewed against the Debarment List, i.e. the list of excluded or excludable suppliers as agreed by the Minister of the Crown in line with PA 23.
- 35.7 The Assistant Director, Procurement and Supply, or their nominated service officer, shall make an individual assessment on whether the supplier must be excluded on a mandatory basis under the PA 23 or could be excluded on a discretionary basis under the PA 23.
- 35.8 All decisions made in relation to exclusion and debarment shall be taken by the Assistant Director, Procurement and Supply, in consultation with the Monitoring Officer where necessary.
- 35.9 The Assistant Director, Procurement and Supply, when excluding a supplier from a procurement in accordance with the PA 23, shall notify the appropriate authority



which may result in the supplier's name being included on the publicly available Debarment List.

### **36. CONTRACT EXTENSIONS AND MODIFICATIONS (VARIATIONS)**

- 36.1 Contracts shall not be extended unless the contract is delivering on performance requirements and the extension will achieve value for money.
- 36.2 All contract extensions and/or modifications shall be in accordance with these Rules, the contract terms and the law and shall be recorded on the corporate contracts database register, under the advice of the Assistant Director, Procurement and Supply.
- 36.3 Extensions and/or modifications where the original decision was a Key Decision shall be challenged by the Commissioning and Procurement Board prior to proceeding well in advance of the of the expiry date, so alternative options can be considered.
- 36.4 Where the decision to extend a contract incurs expenditure that exceeds the threshold of a Key Decision, it is not necessary to treat that decision as a Key Decision, providing the option to extend the contract was included in a Key Decision to award the contract.
- 36.5 Where the original decision taken was not a Key Decision, but the contract extension and/or modification now makes it a Key Decision, that extension and/or modification shall be challenged by Commissioning and Procurement Board prior to proceeding as a normal Key Decision.
- 36.6 Approval of a contract extension and/or variation included in the original procurement and the contract terms shall be in accordance with the Scheme of Authorisation.
- 36.7 Approval of a contract extension and/or variation not included in the original procurement and contract terms shall be undertaken by exception only using the waiver process and required further action to comply with procurement legislation and governance requirements shall be advised within the implications.
- 36.8 Modifications shall be considered major changes where they exceed:
  - 36.8.1 10% of value or scope for goods or services
  - 36.8.2 15% of value or scope for works
  - 36.8.3 10% of the term whether goods, services or works.
- 36.9 Major modifications shall be undertaken under the guidance of the Assistant Director, Procurement and Supply.
- 36.10 Minor modifications including those allowed for in the contract terms shall be undertaken under the guidance of the Strategic Procurement and Supply Assurance.
- 36.11 Transfer of Corporate Restructuring i.e. novation, where a contract is to be transferred from one provider to another, can only be enacted under advice of the Assistant Director, Procurement and Supply and Legal Services. Payments shall not be made on a novated contract until advised.

- 36.12 All grounds for extension and modification shall be considered by Strategic Procurement and Supply Assurance and not by service departments to determine appropriate action.
- 36.13 Change Notices shall be published prior to any modification being executed in accordance with legal requirements, and voluntary standstill periods and contracts or modified sections shall be published as required.

## **37. CONTRACTS TO BE IN WRITING**

- 37.1 All contracts entered into over £25k excluding VAT (£30k including VAT) shall be made in writing, and executed in accordance with the Rules.
- 37.2 Any exception to contract being in writing shall be agreed in writing by the Assistant Director, Procurement and Supply between Value Band iii) or the Monitoring Officer (or their Deputy) directly for Value Band iv) and above.
- 37.3 Contracts in writing shall:
- 37.3.1 specify the goods, services, or works to be provided
  - 37.3.2 include a pricing schedule with any other relevant price adjustments e.g. discounts, deductions etc.
  - 37.3.3 where applicable, specify the time or times within which the contract is to be performed
  - 37.3.4 include a clause requiring appropriate insurance cover
  - 37.3.5 in the case of the engagement of professional advisers, include a requirement that the adviser shall at all times be fully covered by professional indemnity insurance and that, in relation to the contract, they shall conform to the requirements of these Rules, the Council's Financial Regulations and any direction from the Council, the Executive, a committee or duly authorised officer
  - 37.3.6 include a clause requiring the supplier to supply sufficient information in a timely manner to enable the Council fully and properly to comply with requests for information under the Data Protection Act 2018, the UK General Data Protection Regulations, the Freedom of Information Act 2000 and the Environmental Information Regulations 2004
  - 37.3.7 unless otherwise agreed by the Assistant Director, Procurement and Supply include a clause regarding the London Living Wage (where in London) or Living Wage (where in the UK but outside of London) and the requirement to pay the minimum current hourly rate.
- 37.4 Unless otherwise agreed in writing by the Monitoring Officer, where a contract exceeds the Council's Key Decision threshold (and where in the view of the Monitoring Officer's representative below that threshold) contracts shall include a clause:
- 37.4.1 empowering the Council to cancel the contract in circumstances of corruption and to recover any loss resulting from such cancellation if the supplier shall

have offered, or given, or agreed to give to any person any gift or consideration of any kind as an inducement or reward:

- 37.4.1.1 for doing or not doing, or for having done or having not done, any action in relation to the obtaining or execution of the contract or any other contract with the Council
- 37.4.1.2 for showing or not showing favour or disfavour to any person in relation to the contract or any other contract with the Council, or
- 37.4.1.3 if like acts shall have been done by any person employed by it or acting on its behalf or such person shall have committed any offence under the Bribery Act 2010 or
- 37.4.1.4 shall have given any fee or reward the receipt of which is an offence under the Local Government Act 1972 Section 117
- 37.4.2 permitting the use of information for preventing and detecting fraud
- 37.4.3 for compliance with current legislation relating to health and safety at work
- 37.4.4 regarding equality, including sex, race, disability, religion or belief, sexual orientation and age discrimination
- 37.4.5 reflecting the Council's environmental and sustainability policies
- 37.4.6 requiring suppliers to warrant that performance and functionality will not be affected by date or other information technology functions
- 37.4.7 requiring the supplier to keep details of the contractual arrangements confidential and not to disclose the same without the consent of the Council
- 37.4.8 detailing the liabilities and responsibilities relating to workforce matters where the Transfer of Undertakings (Protection of Employment) Regulations 2006 apply
- 37.4.9 dealing with safeguarding issues with vulnerable adults, children and young people where that contract is in relation to vulnerable adults, children and young people
- 37.4.10 dealing with payment of undisputed invoices which shall be paid within 30 days or a lesser period where there is a contractual obligation to do so
- 37.4.11 to comply with the Local Government Transparency Code 2015
- 37.5 Officers shall ensure that any requirements as a result of Internally Notifiable Contracts (To Council Departments) are included within the Contract. In the event that any omissions are agreed, these shall be recorded in the contract file.

## **38. EXECUTING CONTRACTS**

- 38.1 When executing new or amendments to existing agreements:

- 38.1.1 contracts exceeding £500k or where directed by the Monitoring Officer, shall be sealed as a deed by the Monitoring Officer or their authorised representative by the application of the Council seal and signed as a witness by authorised legal services officers.
- 38.1.2 contracts below £500k where no alternative instruction has been provided shall be signed by two Authorised Officers of the Council in line with the Scheme of Authorisation.
- 38.1.3 electronic signatures of Authorised Officers from all parties are permitted
- 38.1.4 contracts shall be signed prior to works commencing, services starting, or goods being delivered, unless otherwise agreed in writing by the Corporate Director for the service area taking full and personal responsibility and fully recorded in the contract file.
- 38.2 Letters of Intent represent a risk to the Council and shall only be used where circumstances are unavoidable and Legal Services have provided the wording, agreed with the Monitoring Officer (or the Assistant Director, Procurement and Supply in the Monitoring Officers' absence, but cannot be further delegated).

## **39. COMMUNITY RIGHT TO CHALLENGE**

- 39.1 The Community Right to Challenge permits community organisations to submit an expression of interest to run services within the borough.
- 39.2 Strategic Procurement and Supply Assurance shall operate an annual window for submission of expressions of interest in accordance with the Localism Act 2011.
- 39.3 Any successful expression of interest shall trigger a procurement process in accordance with these Rules.
- 39.4 The annual window for submission of expressions of interest and any challenge shall be assessed by the Commissioning and Procurement Board.

## **40. RISK**

- 40.1 The commissioning officer shall consider the matters of policy within the Rules and relevant matters which apply, seeking appropriate legal guidance and advice where needed.
- 40.2 Whenever a new supplier is appointed to take over an existing service, the employees of the original provider (or the Council, if the service was previously provided in-house) may be affected by transferring the services to another provider. If so, the commissioning officer shall make sure TUPE issues are considered. The commissioning officer shall seek legal advice from Legal Services before asking for tenders or quotations. This may also apply where a service is being re-configured and will in future be covered by a number of providers.

- 40.3 Consent of the Assistant Director, Procurement and Supply in consultation with the Monitoring Officer and Section 151 Officer (or their nominated officers) is required prior to the inclusion of any specific indexation or inflation clause. The drafting or review of such a clause shall be undertaken (or overseen) by Legal Services. Finance shall be required to arithmetically calculate and check proposed increases to contracts, in addition to challenging the relevant index to be applied. Indexation or inflation related claims shall be substantiated by evidencing increase to the supplier. No automatic indexation or inflation increase shall be permitted without evidence to substantiate the increase, whether or not addressed within contract terms.
- 40.4 Specific indexation or inflation claims shall be appropriately challenged as set out within these Procurement Rules. Index related claims for below Key Decision value agreements for the original procurement strategy and contract award (not the increase) shall be considered for challenge by the Assistant Director for Procurement and Supply with the service department and Finance. Index related claims for above key decision value agreements for the original procurement strategy and contract award (not the increase) shall be considered for challenge by the Commissioning and Procurement Board.

#### **41. IMPACT AND CONSIDERATION ASSESSMENTS**

- 41.1 The commissioning officer shall complete a Health and Safety Impact Assessment (other than where the purchase consists of system software to operate computer hardware) for any Value Band ii) or above procurement.
- 41.2 The commissioning officer shall complete in value iv) procurement and above:
- 41.2.1 the options appraisal
  - 41.2.2 risk and opportunity assessment
  - 41.2.3 Equality Impact Assessment Screening Tool and where necessary the full impact assessment in support of the Public Sector Equality Duty
  - 41.2.4 Environmental Impact Assessment
  - 41.2.5 London Living Wage consideration (within the business case or procurement strategy)
  - 41.2.6 Data Protection Impact Assessment (if applicable)
- 41.3 All contracts shall give consideration to financial, and legal risks of the proposed contract and for Value Band iv) this shall be recorded in writing.
- 41.4 Where appropriate, any impact and consideration assessments may be considered as part of other documentation such as business cases, award reports etc. and do not have to be a standalone document.

## **42. INSURANCE**

- 42.1 All contracts where there is direct advice and/or design services provided by a supplier, including all consultancy arrangements, shall include a requirement for professional indemnity insurance.
- 42.2 For Value Band iii) procurements all suppliers shall have and maintain public liability insurance and employers liability insurance of £5m or more in addition to any other insurance recommended by the Insurance and Operational Risk Manager of the Council. (Note: sole traders with no employees are excluded from employers liability).
- 42.3 Value Band iv) procurement insurance values shall be checked with the Insurance and Operational Risk Manager.
- 42.4 Corporate Directors and Directors (including Assistant/Deputy Directors) may agree an exception to insurance values for public liability and professional indemnity in respect of contracts up to Value Band iii).
- 42.5 A Corporate Director or authorised Director may agree a variation to an insurance value at Value Band iv).
- 42.6 All variations to standard insurance levels shall be made in discussion with the Insurance and Operational Risk Manager and the Assistant Director, Procurement and Supply. Any variations shall be recorded in writing in the contract file.
- 42.7 Insurance shall not be used to shortlist and it is unlawful to require insurance to commence in advance of contract commencement as part of conditions of participation, but reasonable confirmation of insurance being obtainable is acceptable.

## **43. FINANCIAL APPRAISALS**

- 43.1 All suppliers to the Council shall have a financial appraisal undertaken prior to being awarded a Value Band iv) or above contract.
- 43.2 Strategic Procurement and Supply Assurance shall procure independent financial appraisals as required unless otherwise agreed by the Assistant Director, Procurement and Supply.
- 43.3 In the event of any doubt as to the supplier's financial viability, or any non-availability of an external report, the Commissioning officer's finance contact shall provide expert advice.
- 43.4 Consideration may still be made of the supplier if the risk is deemed acceptable by Corporate Directors (or authorised Service, Deputy or Assistant Directors) and agreed with the Assistant Director, Procurement and Supply.
- 43.5 Financial appraisals are not required when contracting directly with other public sector Contracting Authorities or other body as agreed by the Assistant Director, Procurement and Supply.
- 43.6 Where there is doubt as to the financial viability of a supplier but the Council has either no acceptable alternative provider or has decided to accept the level of risk, then additional form of security to a level determined by the Corporate Director and the Section 151 Officer's nominated representative shall be provided such as:

- 43.6.1 a Parent Company, Ultimate Holding Company or Holding Company guarantee where their finances prove acceptable
- 43.6.2 a Director's Guarantee or Personal Guarantee where their finances prove acceptable
- 43.6.3 a performance Bond, retained funds or cash deposit
- 43.6.4 any other security as determined by finance and the service Corporate Directors (or authorised Service, Deputy or Assistant Directors).
- 43.7 A Corporate Director can decide in the case of contracts with a total value up to £5m:
  - 43.7.1 on financial viability
  - 43.7.2 that the level of security specified by Finance need not be provided by the supplier

A written record by the Corporate Director of this decision and the reason(s) for it shall be kept in the contract file.

- 43.8 A supplier may need to provide security of performance if determined by the Corporate Directors (or authorised Service, Deputy or Assistant Directors).
- 43.9 Before a contract is awarded, the Executive shall approve the award of a contract where the supplier cannot provide security of performance for contracts with a total contract value of more than £5m. The report seeking approval of the Executive shall set out the reason why it is proposed that the contract should be awarded despite the absence of security and what measures are to be taken to manage the risk.
- 43.10 It is unlawful to require the submission of audited annual accounts, except from suppliers who are, or were, required to have the accounts audited in accordance with Part 16 of the Companies Act 2006 or an overseas equivalent as part of Conditions of Participation.
- 43.11 Other methodologies may be considered as appropriate including not exhaustively turnover, cash flow, debt and equity, liquidity etc.

#### **44. NOMINATED SUB-CONTRACTORS**

- 44.1 The Council, as a condition of awarding a contract, may require that the supplier sub-contract the supply of certain goods, services or works to another supplier, provided that supplier is not on the debarment list.
- 44.2 Where a sub-contractor is to be nominated to a main contractor the following provisions shall have effect:
  - 44.2.1 where the estimated amount of a sub-contract exceeds Value Band iv) then competitive tenders for the nomination shall be invited and dealt with in accordance with these Rules as if they were for a contract with the Council.
  - 44.2.2 the terms of an invitation for nomination shall require an undertaking by the person submitting a tender that if they are selected, they shall be willing to enter into a legally binding contract with the main contractor. The terms shall indemnify the main contractor against their own obligations under the main contract in relation to the work or goods included in the sub-contract.

- 44.3 If a supplier fails to enter into a legally binding arrangement as directed by the Council, the Council may:
- 44.3.1 not enter into contract with the supplier
  - 44.3.2 instruct the supplier to enter into an alternative contract to deliver the requirement
  - 44.3.3 terminate the contract at the supplier's expense

## **45. CONTRACT MANAGEMENT**

- 45.1 Procurement means the award, entry into and management of a contract, consequently in matters of contract management the advice and instructions of the Assistant Director, Procurement and Supply shall be adhered to.
- 45.2 No contract shall commence unless and until the procurement procedures and contract documents have been completed in accordance with these Rules and the Council's Financial Regulations.
- 45.3 All contracts shall have a specified contract manager and contract owner and that information shall be recorded on the corporate contracts register.
- 45.4 The specified contract manager and contract owner named in or specified for the contract shall:
- 45.4.1 take advice of Strategic Procurement and Supply Assurance and where necessary Legal Services prior to undertaking any contract extension or modification (variation)
  - 45.4.2 provide any information which may be required for a public Notice (including for a Contract Change Notice or Contract Performance Notice) and observe a voluntary standstill period unless otherwise agreed by the Assistant Director, Procurement and Supply
  - 45.4.3 enact in writing any extensions and/or modifications (variations) to contracts before they are carried out once proper authorisation has been received
  - 45.4.3 add any extensions and/or modifications (variations) to the contracts register before they are carried out once proper authorisation has been received
  - 45.4.4 comply with any instructions of Strategic Procurement and Supply Assurance for the publication of the redacted contract or contract information
  - 45.4.5 ensure that a record is kept of all certificates and instructions issued under the contract
  - 45.4.6 keep documents in support of each payment showing how the payment amount has been valued and maintain a record of all such payments including professional fees
  - 45.4.7 respond diligently and expeditiously to any and all requests from Strategic Procurement and Supply Assurance for information which may be required for legal means including investigations, Freedom of Information, statutory public Notices etc.



- 45.4.8 apply price fluctuation clauses in contracts once there is a clear audit trail of authority being in place
- 45.4.9 levy liquidated damages unless circumstances properly dictate otherwise
- 45.4.10 before terminating any contract (other than by effluxion of time, i.e. natural expiry) and in particular for breach, consult the Monitoring Officer or their nominated representative.
- 45.4.11 inform Strategic Procurement and Supply Assurance a minimum of a month before any contract is terminated or ends in order that any Contract Termination public Notice can be prepared or matter properly closed
- 45.4.12 resolve all contractual matters and contractual claims, and issue any final account and final certificate in accordance with the terms of the contract, taking advice from the Monitoring Officer
- 45.4.13 ensure that any consultants are properly and adequately managed so as to carry out their contractual obligations with the Council.
- 45.5 Officers managing shall:
  - 45.5.1 have and keep for reference a copy of the contract including any amendments for reference
  - 45.5.2 maintain the decision record and conflicts assessment throughout the contract lifetime
  - 45.5.3 ensure at least an annual review of the contract
  - 45.5.4 include a minimum of three key performance indicators (KPIs) in all contracts of Value Band iv) and above
  - 45.5.5 assess performance of all KPIs in accordance with the national standard and address with advice from Strategic Procurement and Supply Assurance performance concerns
  - 45.5.6 ensure that the corporate contracts database register is up-to-date
  - 45.5.7 ensure that relevant checks such as insurance, health and safety, Modern Slavery etc are undertaken
  - 45.5.8 monitor that the contract is within contractual and budgetary limits (or appropriate action has been taken).
- 45.6 Contract Management shall be undertaken in accordance with the guidance on the Toolkit and advice of the Assistant Director, Procurement and Supply.

### **Contract Management Notices**

- 45.7 The contract manager and contract owner named in or specified for the contract shall provide any or all information required for the publication of a public notice under the PA 23, including:

- 45.7.1 assessment information of the supplier's performance under the contract by reference to any KPIs for contracts over £5m (noting that the Council is under an obligation to publish this information at least once every twelve months during the contract and on contract termination);
- 45.7.2 any information relating to a breach of the contract which results in termination (or partial termination) of the contract, the award of damages or a settlement agreement (noting that the Council is under an obligation to publish this information within 30 days of any such event occurring);
- 45.7.3 any information relating to the supplier's performance where the contract manager considers that the supplier is not performing or carrying out its obligations under the contract and the supplier is failing to improve after having been given proper opportunity to do so (noting that the Council is under an obligation to publish this information within 30 days of any such event occurring);
- 45.7.4 any information relating to the termination of a contract which includes termination by discharge, expiry, termination by a party, rescission or being set aside by a court order (noting that the Council is under an obligation to publish this information within 30 days of a contract being terminated);
- 45.7.5 any information relating to the modification of a contract, including any revised conflict assessments. However, Officers shall consult with the Assistant Director, Procurement and Supply, prior to any modifications to ensure it is permitted under the PA 23; and
- 45.7.6 any information relating to payments more than £30,000 at the end of each quarter (noting the Council is under an obligation to publish a payment compliance notice every six months).

## **46. RETENTION OF DOCUMENTS**

- 46.1 All commissioning, procurement, contract and contract management related documentation shall be stored and retained securely as the responsibility of commissioning officers in accordance with the Council's Retention Schedule, irrespective of the format in which they are maintained or the media on which they are held.
- 46.2 Contract documents minimum periods:
  - 46.2.1 for contracts under hand, no less than 6 years from the completion of the services, supply or works
  - 46.2.2 for contracts under seal, no less than 12 years from the completion of the services, supply or works.

## **47. CONTRACTS REGISTER**

- 47.1 The Assistant Director, Procurement and Supply shall procure and have oversight of a Corporate Contracts Database Register for the repository of contract information.
- 47.2 Corporate Directors shall have responsibility for ensuring mechanisms to support the accuracy of all data within the contracts register.
- 47.3 All officers shall have responsibility for noting any errors or omissions they identify within the contracts register and informing Strategic Procurement and Supply Assurance.
- 47.4 All Contracts and agreements with a third party spend exceeding £5k in the aggregate whole lifetime value of the agreement shall be recorded by the commissioning officer on the corporate contracts database register, in addition to any local records maintained.
- 47.5 The fields required for the corporate contracts database register shall be determined by the Assistant Director, Procurement and Supply and may change based on the needs of the Council, transparency or other legislative requirement.
- 47.6 The central contracts register shall be available:
  - 47.6.1 internally within the Council via the internal network
  - 47.6.2 externally of the Council via the Council's website (in edited form) to meet transparency requirements.
- 47.7 The contracts register shall be used to drive the Council's procurement forward plan and pipeline of future contracts.
- 47.8 Officers shall utilise the functionality of the contracts register as the roadmap of development is implemented.

## **48. REVIEW OF FINANCIAL LIMITS**

- 48.1 The financial limits shall be reviewed by Council, Executive, Audit and Risk Committee or the Section 151 Officer as appropriate on an annual basis to determine whether they remain fit for purpose and action taken in the event they are not.

## **49. NOT USED**

## **50. FINANCE RESPONSIBILITIES**

- 50.1 The Finance department shall:
  - 50.1.1 provide guidance to client commissioning officers on financial procurement and contract implications to associated budgets where multiple departments could be affected
  - 50.1.2 commit the budget to being available for any procurement activity

- 50.1.3 provide finance implications as required for business reports and decision making reports
- 50.1.4 help the council to challenge costs, ensure contracts are affordable within available budgets, then identify and capture saving opportunities
- 50.1.5 provide detailed checks on financial stability of current and potential suppliers flagged as being at higher financial stability risk by standard credit check processes
- 50.1.6 arithmetically calculate and check proposed increases to contracts, in addition to challenging the relevant index to be applied
- 50.1.7 assist with the costing of in-house or alternative option provisions
- 50.1.8 required to advise on insurance levels, guarantees, bonds etc.
- 50.1.9 creation/review and evaluation of pricing schedules/cost models
- 50.1.10 provide input in cost modelling and devising pricing schedules.

## **51. LEGAL SERVICES RESPONSIBILITIES**

51.1 The Legal Services department shall:

- 51.1.1 provide advice on legislation impacting on a procurement and contracts
- 51.1.2 provide advice on the legislation, the Rules and responsibilities to client commissioning officers
- 51.1.3 provide legal implications as required for business reports and decision making reports
- 51.1.4 provide terms for Value Band ii) and above contracts
- 51.1.5 prepare conditions of contract and associated documents to include in the tender documents
- 51.1.6 review any proposed supplier terms and conditions at the request of the commissioning officer
- 51.1.7 advise on and where required negotiate on behalf of the commissioning officer, amendments to the conditions of contract
- 51.1.8 advise on any legal issues arising in relation to the contract including contract disputes and the procurement process
- 51.1.9 advise on relevant ancillary matters to a contract to internal council officers, such as TUPE or commercial litigation
- 51.1.10 advise when it is appropriate to seek external legal opinion.

## **52. CORPORATE DIRECTORS**

52.1 Corporate Director responsibilities include:

- 52.1.1 making sure that the Rules, Key Decision procedures and Access to Information Rules are followed
- 52.1.2 making sure the Council achieves value for money and reasonably achieves intended service outcomes or taking appropriate action
- 52.1.3 building social value into all contracts insofar as is reasonably practicable and ensuring that is monitored, managed and delivered
- 52.1.4 taking immediate action if someone breaks these Rules
- 52.1.5 making sure proper and detailed records of all contracts are kept
- 52.1.6 making sure a record is kept when it is decided that these Rules do not have to be followed
- 52.1.7 making sure there are proper arrangements for bids received outside of the Council's e-tendering system regardless of value, where this has been agreed as an exception by the Assistant Director, Procurement and Supply
- 52.1.8 making sure that the Council's corporate seal is placed on any document that needs to be 'sealed and executed' as a deed, and that where a document does not need to be sealed, it is signed by two authorised officers
- 52.1.9 deciding to accept a contract with lower levels of insurance cover and to accept a contract without professional indemnity insurance or vary/limit liabilities in contracts from standard terms
- 52.1.10 taking responsibility for any negotiation undertaken by their department whether or not personally undertaken or by officer(s) acting in their name, following a requirement to seek advice from the Assistant Director, Procurement and Supply
- 52.1.11 agreeing to negotiate where permitted by law with a completed and authorised waiver request and identifying two or more senior officers to undertake the negotiation, one of whom shall be graded a Chief Officer for Value Band iv) and above contracts
- 52.1.12 ensuring mechanisms are in place for all contracts within their directorate to be properly recorded on the corporate contracts database register and entries are maintained and kept up-to-date
- 52.1.13 taking responsibility for indexation or inflation related claims whether above or below key decision threshold agreements for the original procurement strategy and contract award (not the increase) where the matter is urgent and then to retrospectively explain to Commissioning and Procurement Board the reasons for urgency and decision taken.
- 52.1.14 ensuring that every contract within their directorate over Value Band iii) has at least an annual review and the contract manager is identified on the corporate contracts database register.
- 52.1.15 ensuring that performance and contract spend is appropriately monitored, relevant checks such as insurance, health and safety, safeguarding, Modern Slavery etc. are undertaken and is within contractual and budgetary limits (or appropriate action has been taken).

- 52.1.16 ensuring proper governance is adhered to within the directorate for procurement matters
- 52.1.17 ensuring that all officers are acting ethically and with integrity within their directorates insofar as possible.
- 52.2 These requirements apply to all those officers authorised to act in place of a Corporate Director in the Scheme of Delegation where there is not a Corporate Director for that directorate

### **53. SOCIAL VALUE**

- 53.1 Officers shall consider Social Value in all tendered contracts this shall:
  - 53.1.1 be the additional value gained through delivery of the contract
  - 53.1.2 improve and secure the economic, social and environmental wellbeing of the borough
  - 53.1.3 be used to make the maximum positive impact for the borough's residents, service users and businesses
  - 53.1.4 demonstrate our commitment to social value and progressive procurement
  - 53.1.5 utilise the relative purchasing power of the Council
  - 53.1.6 minimise reputational risk to the Council
  - 53.1.7 deliver impactful benefit to the borough
  - 53.1.8 consider the Matters of Policy (see Rule 54).
- 53.2 Social Value shall be weighted at a minimum 20% in all tendered award criteria (and wherever possible, award criteria for quotes) and shall be proportionate, reasonable and relevant to the subject matter of the contract.
- 53.3 Officers shall adhere to guidance within the Toolkit.
- 53.4 All social value requirements within the contract shall be by the relevant contract manager:
  - 53.4.1 recorded and monitored
  - 53.4.2 managed and reported on.
- 53.5 Officers shall set out Social Value asks clearly within tender documentation.

### **54. MATTERS OF POLICY**

- 54.1 As a matter of policy the following shall be considered and appropriate measures adopted wherever legally possible as part of the procurement:

#### **Environment and Climate Action**

- 54.1.1 supporting climate action and reducing waste, by considering how they can contribute to the Council becoming net zero carbon by 2030 in or that we can find ways to reduce:

- 54.1.1.1 scope 1 emissions i.e. those greenhouse gas emissions which the Council emits from sources the Council directly controls such as its residential or municipal buildings, fleet and waste management
- 54.1.1.2 scope 2 emissions i.e. those greenhouse gas emissions which the Council emits from sources indirectly such as grid energy consumption for heating and/or cooling
- 54.1.1.3 scope 3 emissions i.e. those greenhouse gas emissions which the Council emits procured, delivered or disposed of as part of delivery of Council services e.g. delivery vehicles or waste entering/exiting
- 54.1.2 looking at ways to collect carbon emission levels by encouraging suppliers to quantify their carbon footprint and measures to reduce carbon emissions
- 54.1.3 reducing waste, improving resource efficiency and contributing to the move towards a circular economy
- 54.1.4 not specifying, purchasing or using products that damage the environment when a reasonable alternative is available to promote behaviour that causes the least damage to the environment
- 54.1.5 taking into account whole life costs such as energy, maintenance and end of life disposal costs when assessing bids
- 54.1.6 identifying, prioritising and recognising that sustainability and buying environmentally friendly goods and services is part of continuous improvement

### **Economic Impact**

- 54.1.7 leveraging opportunities to create new business, new jobs and new skills, particularly increasing opportunities for entrepreneurship and helping new and/or small businesses to grow, increasing employment opportunities particularly for those who face high barriers to employment or who are located in disadvantaged areas and extending training opportunities, particularly for people in industries with known skills shortages or in high growth sectors
- 54.1.8 demonstrating fair employment practices including payment of the London Living Wage or Living Wage (as appropriate, dependent on where the contract is to be delivered)
- 54.1.9 encouraging and improving supplier diversity, innovation and resilience, in contract advertisements, welcoming applicants who meet the qualitative conditions of participation from voluntary and community sector enterprises (VCSEs), social enterprises, staff mutuals, new start-ups, not for profit enterprises and small to medium enterprises
- 54.1.10 delivering innovation and the use of technologies and new business models throughout the supply chain, to deliver lower cost and/or higher quality goods and services, and encourage the wider adoption of innovation that contribute to the development of scalable and future-proofed new methods to modernise delivery and increase productivity

54.1.11 work collaboratively, particularly with the Islington Anchor Institution Network, to help boost jobs and employment, support local businesses and reduce our carbon emissions

**Social Impact**

54.1.12 principles of fairness, such as (not exhaustively) those mentioned in the Progressive Procurement Strategy 2020/27 and Community Wealth Building Strategy:

54.1.12.1 co-design with service users

54.1.12.2 supporting opportunity of access to less represented businesses such as those black and minority ethnic owned or women owned

54.1.12.3 working with mutuals and co-operatives

54.1.12.4 Challenging Inequalities and corporate parentship

54.1.13 improving opportunities for those from disadvantaged communities

54.1.14 increasing community participation, empowering strong and supportive communities

54.1.15 driving change that supports more effective service delivery

54.1.16 delivering early intervention and prevention where possible

54.1.17 achieving better mental health and physical wellbeing

54.1.18 safeguards the borough.



## 55. DECISION MAKING THRESHOLD TABLES

**[NOTE: ALL THE THRESHOLDS NEED A REVIEW WHICH IS A SEPARATE EXERCISE FOR NOW – SECTION TO MIRROR EXISTING CONSTITUTION REQUIREMENTS, SO MAY BE ADAPTED TO CONFORM]**

All decisions may be taken in the below by the Decision Maker with greater financial authority e.g. Level A can take any decision, Level B can take a decision of Level C.

Level	Decision Maker
A	<p><b>Executive</b></p> <p>Decisions for the Executive:</p> <ul style="list-style-type: none"> <li>• Procurement Strategies – over £2m Revenue or £5m Capital</li> <li>• Contract Awards – over £2m Revenue or £5m Capital (unless delegated to the Chief Executive or Corporate Director)</li> <li>• Contracts without Security of Performance - Over £5m</li> <li>• All Matters of Policy</li> </ul> <p>A significant variation may relate to amendments to the goods, works or services being provided, but where it relates to costs, a variation in excess of 10% from that quoted in the procurement strategy may be considered significant.</p> <p>Whether a variation is significant shall be determined by the Assistant Director, Procurement and Supply (consulting the Monitoring Officer, as required).</p> <p>If, for any reason, it is not possible to award a contract without significant variation from the original procurement strategy it should be referred to the Assistant Director, Procurement and Supply (consulting the Monitoring Officer, as required) for advice.</p> <p>The Assistant Director, Procurement and Supply, will advise on the approach to be taken which may include a revised procurement strategy decision to be submitted to the Executive or Corporate Director for approval.</p>
B	<p><b>Corporate Directors</b> (including the Chief Executive and those officers authorised to act in place of a Corporate Director in the Scheme of Delegation where there is not a Corporate Director for that directorate).</p> <p>Decisions for Corporate Directors:</p> <ul style="list-style-type: none"> <li>• Procurement Strategies/business cases – below Executive threshold</li> <li>• Contracts without Security of Performance - below £5m</li> <li>• Contract Awards delegated by the Executive as outlined in Level A above, provided there has not been a significant variation from the Executive agreed Procurement Strategy, which prevents the award.</li> <li>• Contract Awards below Executive threshold regardless in line with Constitutional governance arrangements.</li> </ul> <p>Certain powers, notably key decision making, may not be further delegated under a Corporate Director’s Scheme of Authorisation.</p>

C	<b>Chief Officer</b> graded staff – <b>as per Financial Regulations</b> <ul style="list-style-type: none"><li>• Procurement Strategies and Contract Awards</li><li>• Certain powers may not be further delegated under a Scheme of Authorisation if agreed by the Officers at Level B.</li></ul>
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## 56. THRESHOLD TABLES

### Value Band i)

Band	Rules- based on aggregate value including extensions
i)	<p data-bbox="336 461 639 524"><b>£0 - £4,999 excl. VAT</b> (max £5,999 incl. VAT)</p> <p data-bbox="336 562 1222 627"><b>Applies to:</b> goods, works, services (including light touch services), concessions</p> <p data-bbox="336 663 639 692"><b>Authority to Procure:</b></p> <ul data-bbox="384 696 1326 871" style="list-style-type: none"> <li>• Challenge process: Directorate determined</li> <li>• Decision document: Email or business case</li> <li>• Reporting: Not essential on contracts register</li> <li>• Decision maker: Officer within Scheme of Authorisation</li> <li>• Advertising: Not permitted</li> </ul> <p data-bbox="336 907 740 936"><b>Procurement route</b> (in order):</p> <ul data-bbox="384 940 1337 1043" style="list-style-type: none"> <li>• Corporate contract, framework agreement, purchase card or informal quotation required (incl published/catalogue pricing).</li> <li>• Local provider to be used or justified in writing in award document.</li> </ul> <p data-bbox="336 1079 616 1108"><b>Authority to Award:</b></p> <ul data-bbox="384 1113 1326 1216" style="list-style-type: none"> <li>• Challenge process: Directorate determined</li> <li>• Decision document: Email or value for money/award report</li> <li>• Transparency: Invoices over £500, card transactions</li> </ul>

**Value Band ii)**

<b>Band</b>	<b>Rules-</b> based on aggregate value including extensions
ii)	<p><b>£5k - £24,999 excl VAT</b> (max £29,999 incl VAT)</p> <p><b>Applies to:</b> goods, works, services (including light touch services), Concessions</p> <p><b>Authority to procure:</b></p> <ul style="list-style-type: none"> <li>• Challenge process: Directorate determined</li> <li>• Decision document: Email or business case</li> <li>• Reporting: Recorded on contracts register</li> <li>• Decision maker: Officer within Scheme of Delegation</li> <li>• Advertising: Not permitted</li> </ul> <p><b>Procurement route</b> (in order):</p> <ul style="list-style-type: none"> <li>• Corporate contract, framework agreement or one written quotation</li> <li>• Local provider to be used or justified in writing in award document</li> </ul> <p><b>Authority to Award:</b></p> <ul style="list-style-type: none"> <li>• Challenge process: Directorate determined</li> <li>• Decision document: Email or value for money/award report</li> <li>• Transparency: Invoices over £500, contracts over £5k</li> </ul>

**[THRESHOLD OF £25k (£30k WITH VAT) FIXED – CANNOT MOVE]**

### Value Band iii)

Band	Rules
iii)	<p><b>£25k - FTS goods/services threshold</b>            £179,086 (excluding 20% VAT) or £214,904 (including VAT)  <b>Applies to:</b> Goods, Works, Services (including light touch services), Concessions</p> <p><b>Authority to Procure:</b></p> <ul style="list-style-type: none"> <li>• Challenge process: Directorate determined</li> <li>• Decision document: Email or business case</li> <li>• Reporting: Recorded on contracts register</li> <li>• Decision maker: Officer within Scheme of Authorisation</li> <li>• Advertising: Not permitted</li> </ul> <p><b>Procurement route</b> (in order):</p> <ul style="list-style-type: none"> <li>• Corporate contract, framework agreement, or three quotations required (incl published/catalogue pricing).</li> <li>• Local provider to be used or justified in writing in award document.</li> </ul> <p><b>Authority to Award:</b></p> <ul style="list-style-type: none"> <li>• Challenge process: Directorate determined</li> <li>• Decision document: Email or value for money/award report</li> <li>• Transparency: Invoices over £500, contracts over £5k</li> </ul> <p>Anything over £175k shall be referred to the Assistant Director, Procurement and Supply for direction</p>

## Value Band iv)

Band	Rules
iv) - a	<p><b>£ FTS goods/services threshold - £500k excl VAT</b> (max £599,999 capital incl VAT)</p> <p><b>Applies to:</b> Goods, and Services</p> <p><b>Authority to procure:</b></p> <ul style="list-style-type: none"> <li>• Challenge process: Directorate determined</li> <li>• Decision document: Business case</li> <li>• Reporting: Recorded on contracts register</li> <li>• Decision maker: Officer within Scheme of Authorisation</li> <li>• Advertising: FTS, website and ETP managed by Procurement and Supply</li> </ul> <p><b>Procurement route</b> (in order):</p> <ul style="list-style-type: none"> <li>• Corporate contract, framework agreement or tender</li> <li>• Social Value mandated at minimum 20%</li> </ul> <p><b>Authority to Award:</b></p> <ul style="list-style-type: none"> <li>• Challenge process: Locally determined</li> <li>• Decision document: Value for money/award report</li> <li>• Transparency: Invoices over £500, contracts over £5k</li> </ul>
iv) - b	<p><b>£ FTS goods/services threshold - £500k excl VAT</b> (max £599,999 capital incl VAT)</p> <p><b>Applies to:</b> Works, light touch services and Concessions</p> <p><b>Authority to procure:</b></p> <ul style="list-style-type: none"> <li>• Challenge process: Directorate determined</li> <li>• Decision document: Business case</li> <li>• Reporting: Recorded on contracts register</li> <li>• Decision maker: Officer within Scheme of Authorisation</li> <li>• Advertising: Not advertised</li> </ul> <p><b>Procurement route</b> (in order):</p> <ul style="list-style-type: none"> <li>• Corporate contract, framework agreement or 4 quotations via ETP</li> <li>• Social Value mandated at minimum 20%</li> </ul> <p><b>Authority to Award:</b></p> <ul style="list-style-type: none"> <li>• Challenge process: Locally determined</li> <li>• Decision document: Value for money/award report</li> <li>• Transparency: Invoices over £500, contracts over £5k</li> </ul>

## Value Band v)

Band	Rules
v) - a	<p><b>£ 500k - £X excl VAT</b> (max £Y incl VAT)</p> <p><b>Applies to:</b> Goods, and Services (including light touch services)</p> <p><b>Authority to procure:</b></p> <ul style="list-style-type: none"> <li>• Challenge process: Directorate determined</li> <li>• Decision document: Business case</li> <li>• Reporting: Recorded on contracts register</li> <li>• Decision maker: Officer within Scheme of Delegation</li> <li>• Advertising: FTS, website and ETP managed by Procurement and Supply</li> </ul> <p><b>Procurement route</b> (in order):</p> <ul style="list-style-type: none"> <li>• Corporate contract, framework agreement or tender</li> <li>• Social Value mandated at minimum 20%</li> </ul> <p><b>Authority to Award:</b></p> <ul style="list-style-type: none"> <li>• Challenge process: Locally determined</li> <li>• Decision document: Recordable Decision Value for money/award report</li> <li>• Transparency: Invoices over £500, contracts over £5k</li> </ul>
v) - b	<p><b>£ 500k - £X excl VAT</b> (max £Y incl VAT)</p> <p><b>Applies to:</b> Works and Concessions</p> <p><b>Authority to procure:</b></p> <ul style="list-style-type: none"> <li>• Challenge process: Directorate determined</li> <li>• Decision document: Business case</li> <li>• Reporting: Recorded on contracts register</li> <li>• Decision maker: Officer within Scheme of Delegation</li> <li>• Advertising: Not advertised</li> </ul> <p><b>Procurement route</b> (in order):</p> <ul style="list-style-type: none"> <li>• Corporate contract, framework agreement or 4 quotations via ETP</li> <li>• Social Value mandated at minimum 20%</li> </ul> <p><b>Authority to Award:</b></p> <ul style="list-style-type: none"> <li>• Challenge process: Locally determined</li> <li>• Decision document: Recordable Decision Value for money/award report</li> <li>• Transparency: Invoices over £500, contracts over £5k</li> </ul>

### Value Band vi)

Band	Rules
vi)	<p><b>£X above excl VAT</b> (max <b>£Y</b> incl VAT)</p> <p><b>Applies to:</b> Goods, Works, Services (including light touch services), Concessions</p> <p><b>Authority to procure:</b></p> <ul style="list-style-type: none"> <li>• Challenge process: Commissioning and Procurement Board</li> <li>• Decision document: Executive Key Decision - Procurement Strategy</li> <li>• Reporting: Recorded on contracts register</li> <li>• Decision maker: Corporate Director</li> <li>• Advertising: FTS, website and ETP managed by Procurement and Supply</li> </ul> <p><b>Procurement route</b> (in order):</p> <ul style="list-style-type: none"> <li>• Corporate contract, framework agreement or tender</li> <li>• Social Value mandated at minimum 20%</li> </ul> <p><b>Authority to Award:</b></p> <ul style="list-style-type: none"> <li>• Challenge process: Directorate determined</li> <li>• Decision document: Recordable Decision</li> <li>• Transparency: Invoices over £500, contracts over £5k</li> </ul>

### Value Band vii)

Band	Rules
vii)	NOTE: No longer in use



## Notices under the PA 23

Notice	Commentary
Pipeline Notice	<p>Purpose: This notice is compulsory if the Council considers it will pay more than £100 million (inclusive of VAT) under relevant contracts in the coming financial year. This notice sets out specified information about any public contract with an estimated value of more than £2 million (inclusive of VAT), in respect of which the Council intends to publish a tender notice or transparency notice during the reporting period (18 months from the start of the financial year).</p> <p>Publication: Must be published on the central digital platform.</p> <p>Timing: Within 56 days of the start of the new financial year.</p>
Preliminary Market Engagement Notice	<p>Purpose: This notice must set out that you intend to engage in or already have engaged in preliminary market engagement. Where preliminary market engagement is undertaken, this notice is compulsory unless the Council provides a reason for not doing so in the Tender Notice.</p> <p>Publication: Must be published on the central digital platform.</p> <p>Timing: Prior to or during preliminary market engagement.</p>
Planned Procurement Notice	<p>Purpose: May be published to advertise intention of publishing a Tender Notice. This notice will constitute a “qualifying planned procurement notice” (for the purposes of reduced tendering periods) where the notice is published in accordance with the timescales below.</p> <p>Publication: Must be published on the central digital platform.</p> <p>Timing: At least 40 days but not more than 12 months before the day on which the tender notice is published.</p>
Tender Notice	<p>Purpose: This notice is compulsory where a public contract is advertised as part of a competitive tendering exercise, “associated tender documents” must be provided alongside the tender notice.</p> <p>Publication: Must be published on the central digital platform.</p> <p>Timing: On commencement of the procurement – i.e. publishing a request to participate or, in the case of any competitive flexible procedure where there is no request</p>

Notice	Commentary
	to participate, when tenderers are invited to submit their first tender.
Transparency Notice	<p>Purpose: A notice setting out that the Council intends to award a contract directly to a supplier.</p> <p>Publication: Must be published on the central digital platform.</p> <p>Timing: Before directly awarding a contract.</p>
Procurement Termination Notice	<p>Purpose: If, following a Tender Notice or Transparency Notice, the Council decides not to award the contract, the Council must publish a Procurement Termination Notice.</p> <p>Publication: Must be published on the central digital platform.</p> <p>Timing: As soon as reasonably practicable after deciding not to award the contract.</p>
Contract Award Notice	<p>Purpose: Sets out the Council's intention to enter into public contract.</p> <p>Publication: Must be published on the central digital platform.</p> <p>Timing: Before entering into a public contract but after providing each supplier that submitted an assessed tender their "assessment summary".</p>
Contract Details Notice	<p>Purpose: Sets out that the Council has entered into a public contract.</p> <p>Publication: Must be published on the central digital platform.</p> <p>Timing: Within 30 days of entering into the public contract (or within 120 days if entering into a light touch contract).</p>
Contract Change Notice	<p>Purpose: Sets out that a public contract (or a contract which is now become a public contract because of the modification – known as a convertible contract) has been modified.</p> <p>This notice is not required if (1) the modification increases/decreases the value by 10% or less for a goods or services contract or 15% or less for a works contract or (2) the modification increases/decreases the term of the contract by 10% or less of the maximum period provided for on award. This exception does not apply in the case of modifications relating to novation or assignment on corporate restructuring.</p>

Notice	Commentary
	<p>Does not apply to light touch contracts.</p> <p>Publication: Must be published on the central digital platform.</p> <p>Timing: Before modifying a public contract or convertible contract. May contain a voluntary standstill period.</p>
Contract Performance Notice	<p>Purpose: This notice applies in three scenarios:</p> <ul style="list-style-type: none"> <li>• where the Council has set KPIs in accordance with section 52 of the PA 23. Notice will contain information assessing performance against the KPIs and certain other information specified in regulations;</li> <li>• where the supplier is in breach of a public contract resulting in total/partial termination, award of damages or a settlement agreement; or</li> <li>• where the Council considers the supplier is not performing the public contract to the Council's satisfaction, has been given proper opportunity to improve performance and has failed to do so.</li> </ul> <p>In the latter two scenarios (which do not apply to light touch contracts), a Contract Performance Notice must be published stating that the relevant provision of the PA 23 applies, the circumstances giving rise to it applying and other specified information.</p> <p>Publication: Must be published on the central digital platform.</p> <p>Timing: Scenario 1 - at least once in every period of twelve months during the lifecycle of the contract and on termination. Scenarios 2 and 3 – before the end of the period of 30 days beginning with the day the relevant PA 23 ground first applies.</p>

# Equality Impact Assessment: Screening Tool

## Summary of proposal

Name of proposal	Contract Standing Orders and Contract Procedure Rules – the London Borough of Islington’s Procurement Rules (hereafter the ‘rules’) – effective from 24 February 2025
Reference number (if applicable)	To follow
Service Area	Community Wealth Building/Resources (Joint)
Date screening completed	31 October 2024
Screening author name	Peter James Horlock, Assistant Director, Procurement and Supply
Fairness and Equality team sign off	To follow
Authorising Director/Head of Service name	Alison Stuart, Director of Law and Governance and Monitoring Officer

Before completing the EQIA Screening Tool please read the guidance and FAQs. For further help and advice please contact [equalities@islington.gov.uk](mailto:equalities@islington.gov.uk).

Please outline:

- What are the aims/objectives of this proposal?
- Will this deliver any savings?
- What benefits or change will we see from this proposal?
- Which key groups of people or areas of the borough are involved?

The Council needs the Rules to govern how goods, works and services shall be procured and managed in line with best practice, legislation, delivering value for money and social value.

The Council has committed to make the most appropriate use of public funds through Progressive Procurement i.e. that its spending has the maximum positive impact for Islington people, especially the most disadvantaged.

A new set of Rules is proposed from 24 February 2025 to help ensure the Council best procures and manages goods, works and services, and delivers its Progressive Procurement ambitions.

The Rules themselves govern how we operate, but it is the activity of procurement or from decommissioning services which would result in saving.

The key benefits will be bringing the rules up-to-date and being legislatively compliant.

No specific groups of people or areas are involved in the Rules as a document, but the Rules control the way in which services are delivered to service users/residents and work with businesses including local businesses.

**Please provide a summary of the proposal.**

On whom will the proposal impact? Delete as appropriate.

Group of people	Impacted?
Service users	Indirectly
Residents	Indirectly
Businesses	Indirectly
Visitors to Islington	Indirectly
Voluntary or community groups	Indirectly
Council staff	Indirectly
Trade unions	No
Other public sector organisations	Indirectly

Group of people	Impacted?
Others	None identified

## What consultation or engagement has taken place or is planned?

Please outline:

- Which groups or communities you have consulted/plan to consult
- Methods used/will use to engage (for example, focus groups)
- How insight gained from engagement or consultation has been/will be fed into decision making or proposal design

If you have not completed any engagement activity and do not plan to, you should outline why this decision has been made.

Consideration of the Rules by Audit & Risk Committee and Full Council – it is a technical legal document on how the Council conducts its procurement and commissioning activities and is a statutory requirement.





# What impact will this change have on people with protected characteristics and/or from disadvantaged groups?

Of the groups you have identified above, please now indicate the likely impact on people with protected characteristics within these groups by checking the relevant box below. Use the following definitions as a guide:

Neutral – The proposal has no impact on people with the identified protected characteristics

Positive – The proposal has a beneficial and desirable impact on people with the identified protected characteristics

Negative – The proposal has a negative and undesirable impact on people with the identified protected characteristics

You should then assess whether the negative impact has a low impact, medium impact or high impact. Consider the level and likelihood of impact. Please also think about whether the proposal is likely to be contentious or perceived as a negative change by certain groups, as this could justify the completion of a full EQIA. See the guidance for help.

Protected characteristic	Positive impact	Neutral impact	Negative impact	Description of the impact (if applicable)
Age	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Choose an item.	The Rules require an Equality Impact Assessment Screening Tool and where necessary the full impact assessment in support of the Public Sector Equality Duty. They also actively encourage as part of social value and matters of policy proper consideration of equality related matters.
Disability (include carers)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Choose an item.	As above
Race or ethnicity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Choose an item.	As above
Religion or belief (include no faith)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Choose an item.	As above

Protected characteristic	Positive impact	Neutral impact	Negative impact	Description of the impact (if applicable)
Gender and gender reassignment (male, female or non-binary)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Choose an item.	As above
Maternity or pregnancy	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Choose an item.	As above
Sex and Sexual Orientation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Choose an item.	As above
Marriage or Civil Partnership	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Choose an item.	As above
Other (e.g. people living in poverty, looked after children, people who are homeless or refugees)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Choose an item.	As above

# How do you plan to mitigate negative impacts?

Where there are disproportionate impacts on groups with protected characteristics, please outline:

- The other options that were explored before deciding on this proposal and why they were not pursued
- Action that is being taken to mitigate the negative impacts

Action	Lead	Deadline	Comments
N/A			

Screening Decision	Outcome
Neutral or Positive – no full EQIA needed*.	Yes
Negative – Low Impact – full EQIA at the service director’s discretion*.	No
Negative – Medium or High Impact – must complete a full EQIA.	No
Is a full EQIA required? Service decision:	No
Is a full EQIA required? Fairness and Equality recommendation:	Yes/No

\* If a full EQIA is not required, you are still legally required to monitor and review the proposed changes after implementation to check they work as planned and to screen for unexpected equality impacts.

Please send this completed EQIA Screening Tool to [equalities@islington.gov.uk](mailto:equalities@islington.gov.uk) for quality checking by the Fairness and Equality Team.