

# **Part 4 (e)**

## **Financial Regulations**

Updated: 19<sup>th</sup> October 2021

Ealing Council

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## Section A – Financial Regulations

### 1. Introduction

#### 1.1 Purpose of these Regulations

- 1.1.1 The Financial Regulations seek to ensure that the Council conducts its affairs in a way that complies with specific statutory provisions, generally accepted accounting principles and professional good practice
- 1.1.2 These provide the framework within which the Council's financial affairs are managed to help make the best use of its resources. They apply to every member and officer of the Council and anyone acting on its behalf.
- 1.1.3 The Council's Chief Finance Officer as the Council's Section 151 Officer is ultimately responsible for ensuring the proper administration of the Council's financial affairs. These Regulations form part of the arrangements that the Section 151 Officer has put in place to discharge his or her statutory responsibilities.
- 1.1.4 The Council has adopted a constitution to regulate at a high level how it operates. Various specific regulations including the Contract Procedure Rules (Standing Orders) and Financial Regulations flow from the Constitution.

#### 1.2 Context

- 1.2.1 The document is split into two parts:
  - 1) Financial Regulations are organised around the following theses, as follows:
    - (i) Financial Management Roles and Responsibilities (Section 2)
    - (ii) Financial planning (Section 3)
    - (iii) Financial management (Section 4)
    - (iv) Accounting records and financial systems (Section 5)
    - (v) Risk management and internal control (Section 6)
    - (vi) Control of resources (Section 7)
    - (vii) Income and expenditure (Section 8)
    - (viii) External arrangements (Section 9)

## **Section A – Financial Regulations**

### **2) Scheme of Delegation for Financial Management**

- 1.2.2 Officers and Members are authorised to make decisions in accordance with these Financial Regulations, but they do not authorise any person to make a decision which is contrary to any provision in the Constitution.

## **1.3 Compliance**

- 1.3.1 Members and staff (including non-permanent staff) have a general responsibility for the care of the Council's assets and a direct 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.
- 1.3.2 All financial and accounting procedures must be carried out in accordance with the Financial Regulations and with any accounting instruction notes and other corporate guidance issued by, or on behalf of, the Section 151 Officer.
- 1.3.3 Directors are responsible for ensuring that all staff (including non-permanent staff) in their departments are aware of the existence of and comply with the content of the Council's Financial Regulations and any supporting guidance, accounting instruction and procedures issued by, or on behalf of, the Section 151 Officer.
- 1.3.4 Non-compliance with these Financial Regulations, and with any accounting instruction notes and other corporate guidance issued by the Section 151 Officer, constitutes a disciplinary matter that will be pursued, as appropriate, in accordance with Human Resources Policy.
- 1.3.5 Directors are responsible for reporting any breaches of the Financial Regulations to the Section 151 Officer. The Section 151 Officer is responsible for reporting, where appropriate, breaches of the Financial Regulations to Full Council and to the Cabinet.

## **1.4 Scope of these Regulations**

- 1.4.1 The Financial Regulations, including advice, guidance and accounting instruction notes issued to underpin the Financial Regulations, apply to all services of the Council irrespective of how they are funded.
- 1.4.2 London Borough of Ealing Pension Fund and any trading entity fully owned by the Council are required to reflect closely the

## Section A – Financial Regulations

adoption of these Regulations within their governance structure, unless otherwise approved by the Section 151 Officer.

- 1.4.3 Whilst Schools have their own Financial Regulations, known as 'Scheme for Financing Schools', some specific references are made to schools' operations within these Regulations (i.e., where particular responsibilities are placed upon Council officers that are not employed within schools and upon Members of the Council). Advice and guidance given to schools by council's officers will not be contrary to the Council's own Financial Regulations.
- 1.4.4 For the purpose of these Regulations:
- a) **Section 151 Officer** refers to the Chief Finance Officer.
  - b) **Director** refers to Chief Executive, Chief Finance Officer, Executive Director and officers reporting directly to them (excluding support staff).
  - c) **Budget Managers** refers to anyone with budget responsibilities.
  - d) **Members** refers to councillors.

### 1.5 Maintenance of these Regulations

- 1.5.1 The Section 151 Officer is responsible for maintaining a continuous review of the Financial Regulations.
- 1.5.2 The Section 151 Officer may make minor amendments to these Finance Regulations including those necessary to ensure consistency with legislative changes, operational, reorganisations or other structural changes to the management of the Council. More significant amendments to these Financial Regulations require approval of Full Council.
- 1.5.3 The Section 151 Officer is responsible for issuing advice, guidance and procedures to support the effective operation of the Financial Regulations. The Section 151 Officer may make any amendments to the guidance notes and procedures supporting these Regulations.
- 1.5.4 Directors must advise the Section 151 Officer on service changes that may require the development of supplementary advice and guidance on financial procedures or systems of internal control.
- 1.5.5 Approval for exemptions to these Regulations must be obtained

from the Section 151 Officer. All such exemptions will need to be documented in associated guidance notes, setting out fully the circumstances in which the exemptions will apply.

### **1.6 Interpretation of these Regulations**

- 1.6.1 Any doubt as to the interpretation of these Regulations or the associated guidance notes and procedures must be referred to the Section 151 Officer, whose decision will be final and absolute.

### **1.7 Advice and guidance to underpin Financial Regulations**

- 1.7.1 The Section 151 Officer will, from time to time, issue advice, guidance and accounting instruction notes to underpin the Financial Regulations, ensure compliance with specific statutory provisions and reinforce best professional practice. Members, Directors, Budget Managers, officers and others acting on behalf of the Council are required to comply with such advice and guidance.
- 1.7.2 Directors in conjunction with the lead finance officer shall ensure that the Financial Regulations, and any financial guidance issued by the Section 151 Officer, are complied with in their Departments.
- 1.7.3 Approval to vary Financial Regulations and any financial guidance to meet special local circumstances must be obtained in writing from the Section 151 Officer.

## **2. Financial Management Roles and Responsibilities**

### **2.1 Overview**

- 2.1.1 The roles and responsibilities of Members and Officers are set out within the Council's Constitution. The purpose of the Financial Regulations is to provide an overview of the respective financial roles and responsibilities of Members and Officers within the Council. Specific financial responsibilities are set out in more detail throughout the subsequent sections of these Regulations.
- 2.1.2 These should be read in conjunction with the general scheme of delegation to Officers which is set out in the Constitution.

### **2.2 The Council**

- 2.2.1 The Constitution sets out the Council's responsibilities for the Council's overall framework of accountability and control.

### **2.3 Members**

- 2.3.1 Members' responsibilities for the overall management of the Council's financial affairs are exercised through:
- a) Full Council, which is responsible for approving the Council's overall policy framework and the budget within which the executive operates, setting Prudential Indicators for capital finance and treasury management, and approving the Council's treasury management and investment strategies.
  - b) Cabinet, which is responsible for recommending the policy framework and budget to the Council and for discharging executive functions in accordance with it. Executive decisions can be delegated to an individual Cabinet Member or an officer.
  - c) Overview and Scrutiny Committees exercise the function of call-in of decisions made by Cabinet Members which fall within their remit in order to consider whether:
    - (i) To refer the decision back to the person who made it; or
    - (ii) To refer the matter to the full Council to decide whether to refer the decision back to the person who made it; or
    - (iii) To accept that the decision is implemented.

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In this context, the General Overview and Scrutiny Committee is responsible for scrutinising the financial arrangements and performance of the Council, including considering the overall corporate revenue and capital budget strategy, financial resources, precepts and levies and to assist the council and cabinet in the development of its budget and policy framework by in-depth analysis of policy issues and proposals for policy development.

- d) Audit Committee, which is responsible for overseeing the Council's financial reporting process, approving the Annual Statement of Accounts for publication, and oversight of audit, risk and fraud activity. It provides independent assurance of the adequacy of the risk management framework and the associated control environment.
- e) The Pension Fund Panel is responsible for the management of the Pension Fund, exercising the powers and duties of the Council in relation to its functions as Administering Authority of the London Borough of Ealing Pension Fund.

## **2.4 The Statutory Officers**

### **2.4.1 Overview**

- 2.4.1.1 Article 12 of the Constitution sets out the roles of Senior Management and Statutory Officers. Financial Management Roles and Responsibilities of Statutory Officers is set out below.

### **2.4.2 The Chief Executive (Head of Paid Service)**

- 2.4.2.1 The Chief Executive (as Head of Paid Service) is responsible for the corporate and overall strategic management of the Council as a whole. Details of the role are set out in Article 12.02 Part 2 of The Constitution.

### **2.4.3 Chief Finance Officer (Section 151 Officer)**

- 2.4.3.1 Section 151 of the Local Government Act 1972 specifies that every authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs.
- 2.4.3.2 The Chief Finance Officer has statutory duties in relation to the financial administration and stewardship of the Council and is the Council's Responsible Finance Officer. This statutory

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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
- Accounts and Audit (England) Regulations 2015.
- The Local Government Pension Scheme Regulations 2013
- The Local Government Pension Scheme Regulations (Management and Investment of Funds) 2016
- Public Service Pensions Act 2013
- The Local Authorities Goods and Services Act 1970
- The Local Government Acts 2000 and 2003
- The Localism Act 2011.

### **2.4.3.3 The Chief Finance Officer is responsible for:**

- a) Ensuring that the Council, the Cabinet, Members, and Directors are advised of the financial implications of all proposals as appropriate.
- b) The proper administration of the Council's financial affairs.
- c) Setting and monitoring compliance with financial management standards.
- d) Advising on the Council's financial position and on the key financial controls necessary to secure sound financial management.
- e) Providing financial information and preparing the Revenue Budget and Capital Programme.
- f) Reporting to the Council on the robustness of the annual budget and the adequacy of the Council's financial reserves and balances.
- g) Treasury Management.
- h) The preparation of the Annual Statement of Accounts and the Annual Governance Statement in accordance with proper practices.
- i) Signing contracts on behalf of the Council within the approved Officers Scheme of Delegation and Contract Procedure rules.
- j) The approval of all financial schemes of delegation.

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- k) Internal audit, Risk Management and Insurance.
- l) Application of any Council wide spending restrictions.
- m) Management of the Pension Fund.
- n) Any other financial activities and controls, pertinent to operation of the Council.

2.4.3.4 Section 114 of the Local Government Finance Act 1988 requires the Chief Finance Officer to report to the Council, the Cabinet, and the external auditor if the Council or one of its Officers:

- a) Has made, or is about to make, a decision which involves incurring unlawful expenditure, or
- b) Has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the Council, or
- c) Is about to make an unlawful entry in the Council's accounts.

2.4.3.5 Section 114 of the 1988 Act also requires:

- a) The Chief Finance Officer to nominate a properly qualified member of staff to deputise for them should they be personally unable to perform their duties under Section 114.
- b) The Council to provide the Chief Finance Officer with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out their duties under Section 114.

### **2.4.4 Director of Legal and Democratic Services (Monitoring Officer and Statutory Scrutiny Officer)**

2.4.4.1 The functions and responsibilities of the Monitoring Officer are carried out by the Director for Legal and Democratic Services.

2.4.4.2 The functions of the Monitoring Officer are set out in Article 12.03 of the Council's Constitution. However, the functions that are pertinent in the context of the Financial Regulations include:

- a) Reporting, after consultation with the Head of Paid Service and the Section 151 Officer, any actual or potential breaches of the law or mal-administration to the Council and/or to the Cabinet.

- b) Together with the Section 151 Officer is responsible for advising the Cabinet and Full Council on the legality of expenditure and about whether a decision is likely to be considered contrary or not wholly in accordance with the budget. Actions that may be 'contrary to the budget' include:
- initiating a new policy
  - committing expenditure in future years to above the budget level.
- c) Advising whether the decisions of Cabinet are in accordance with the budget and policy framework.
- d) Provision of advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues to all councillors.

### 2.5 Internal Audit

- 2.5.1 Internal Audit will operate in line with the Public Sector Internal Audit Standards and as set out by the Council's Internal Audit Charter. This defines unfettered access to records and available reporting lines to allow direct escalation if required.
- 2.5.2 Internal Audit will review, develop a risk based plan and undertake audit work to appraise and report upon:
- a) The extent of compliance with, and effectiveness of, relevant policies, plans and procedures.
- b) The adequacy and application of financial and other related management controls to mitigate risks.
- c) The suitability of financial and other related management data.
- d) The extent to which the Council's assets and interests are accounted for and safeguarded from:
- Fraud and other offences.
  - Value for money or other causes.
- e) Directors' self-assessments of the status of the governance framework, including systems of internal controls in place, for each of their service areas.

### 2.6 Pension Fund Panel

- 2.6.1 The stewardship function of the Pension Fund is delegated from the Council to the Pension Fund Panel (PFP). The PFP consists of seven local councillors and one non-voting employee/trade union representatives. The Chair and Vice-Chair are both elected at Full Council at its first meeting of the municipal year.
- 2.6.2 Section 151 Officer is responsible for the financial management and accounting arrangements of the Pension Fund, and for advising on the management of strategic, financial and operational risks.
- 2.6.3 Decisions are taken by the Pension Fund Panel on the advice of the Section 151 Officer. The Section 151 Officer is responsible for implementing council's policy and PFP decisions. Operating through the Treasury Risk and Investment Board (TRIB) a body that convenes monthly, the Section 151 officer together with other officers of the Council ensure the smooth implementation of PFP policies on administration, funding, investment, communication and risk management of the fund. The chair and deputy chair are kept updated and informed of any decisions taken within the remit of the delegations granted by the PFP and council to the Section 151 Officer.
- 2.6.4 In this regards the Section 151 Officer responsibilities include:
- a) Acting as the Scheme Manager for the administering authority in the management and administration of the Local Government Pension Scheme for the Council.
  - b) Administering of all aspects of London Borough of Ealing Pension Fund on behalf of the Council.
  - c) Management of the Pension Fund investments, including sales and acquisitions of properties to be owned by the Council for statutory pension purposes.
  - d) Monitoring of and reporting on Pension Fund investment performance.
  - e) Ensuring adequate training is provided to the PFP to enable them take informed decisions.
  - f) Preparation of Statutory Accounts.
- 2.6.5 The 'administering authority' in relation to the Pension Fund constitutes as the Pension Fund Panel.
- 2.6.6 The Section 151 Officer is responsible for ensuring that the following Pension Fund strategies are up to date and reviewed regularly:

- Investment Strategy;
- Funding Strategy;
- Governance Compliance Statement;
- Communications Policy; and
- Pension Administration Strategy.

2.6.7 The Pension Fund Panel is responsible for approving the strategies.

## **2.7 Directors**

2.7.1 Directors are responsible for the financial affairs of their departments. The responsibilities of the role include:

- a) Directors are responsible for ensuring that the Council, the Cabinet, Members, and Directors are advised of the financial implications of all proposals as appropriate and that the financial implications have been agreed by the Section 151 Officer.
- b) Directors must withdraw any reports from the Council and Cabinet agenda if in the opinion of the Section 151 Officer they do not adequately address financial implications.
- c) It is the responsibility of Directors to consult with the Section 151 Officer and seek approval on any matter liable to affect the Council's finances materially for both income and expenditure and either in the current or future financial years, before any commitments are incurred or entered into.
- d) It is the responsibility of Directors to ensure that all departmental financial reporting on past and current activities is reconcilable to the corporate accounting system.
- e) Directors are responsible for ensuring that contracts are entered into and signed on behalf of the Council in accordance with the Contract Procedure Rules (Standing Orders) prior to the commencement of the service or works.
- f) Directors must seek the advice of the Section 151 Officer if planning the outsourcing of services that utilise financial systems.
- g) Directors are responsible for complying with any Council wide spending restriction protocol determined by the Section 151 Officer.

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- h) Directors are responsible for consulting with, and obtaining the approval of, the Section 151 Officer before making any changes to accounting records or procedures.
- i) It is responsibility of Directors to ensuring compliance with the following principles when allocating accounting duties:
  - (i) Separating the duties from
    - providing information about sums due to or from the Council and calculating, checking (including reconciliations) and recording these sums; to
    - the duty of collecting or disbursing them.
  - (ii) Employees with the duty of examining or checking the accounts of financial transactions must not themselves be engaged in these transactions.
- j) Directors are responsible for ensuring that claims for funds, including grants and 'match funding', are made by the due date and that appropriate records are maintained, according to funding conditions.
- k) Directors with regards to risk and fraud management will:
  - (i) Develop systems of controls to mitigate risks and fraud.
  - (ii) Provide access to premises, assets, records, documents, correspondence, systems, controls and staff when required by auditors.
  - (iii) Consider and respond promptly to recommendations in audit reports.
  - (iv) Implement agreed audit recommendations and actions in line with agreed timeframes.
  - (v) Ensure access to records of external parties (e.g. contractors) as may reasonably be required.
  - (vi) Notify the Section 151 Officer or Assistant Director of Internal Audit immediately of any suspected fraud ,theft, irregularity or misappropriation of resources.
  - (vii) Complete and promptly return an annual assurance statement.

### 2.7.2 Directors should immediately report to the Section 151 Officer:

- (i) Any unlawful or inappropriate expenditure immediately it is realised that is about to take place or has taken place;
- (ii) Any area where a loss or deficiency is about to occur; and/or
- (iii) Any financial matters arising that give cause for concern.

- 2.7.3 Where required in pursuant to paragraph 2.4.3.4 and where otherwise considered appropriate the Section 151 Officer will report to Cabinet / Full Council of any breaches to the Financial Regulations.

### **2.8 Budget Managers**

- 2.8.1 Budget Managers are responsible for the financial affairs of their service area. The main responsibilities of the role include:

- a) Providing appropriate financial information to the Section 151 Officer and his / her teams in a timely, accurate and appropriate form and level of detail.
- b) Actively seeking additional income or savings opportunities, including grants and new financing opportunities.
- c) Ensuring that the appropriate financial controls are in place to ensure that all the Council's cash is paid into its bank accounts quickly and efficiently.
- d) Ensuring value for money is obtained for the whole Council when undertaking any procurement activity.
- e) Reconciling all cash received by the service area on a regular basis (at least monthly).
- f) Ensuring all monies due to the council are recorded accurately and recovered promptly.
- g) Ensuring that all accounts payable are settled within 30 days unless special terms have been agreed by the Section 151 Officer.

- 2.8.2 The Budget Managers should immediately report to the Section 151 Officer:

- (i) Any unlawful or inappropriate expenditure immediately it is realised that is about to take place or has taken place;
- (ii) Any area where a loss or deficiency is about to occur; and/or
- (iii) Any financial matters arising that give cause for concern.

- 2.8.3 Where required in pursuant to paragraph 2.4.3.4 and where otherwise considered appropriate the Section 151 Officer will report to Cabinet / Full Council of any breaches to the Financial Regulations.

## **2.9 All Officers**

2.9.1 In addition to the specific responsibilities set out above the Council expects all officers to:

- a) In relation to any decisions of financial nature or consequence act in good faith, impartially and in accordance with their positions of trust.
- b) Exercise due care in relation to all resources, assets, income and expenditure within their care or control.
- c) Ensure that proper records and documentation are maintained of the Council's assets and financial transactions.
- d) Comply with these Regulations, the associated Financial Procedures and any additional guidance issued to ensure the effective control of the Council's resources.
- e) Co-operate in audits of the Council's financial systems.
- f) Report any suspected financial irregularities for investigation.
- g) Ensure they comply with the Council's Financial system control framework and policies.

## **3. Financial Planning**

### **3.1 Introduction**

- 3.1.1 The Council is responsible for agreeing the Council's Corporate Plan, Budget and Policy Framework that will be proposed by the Cabinet, to a Council Meeting for approval.
- 3.1.2 In terms of financial planning, the key elements of the budget are:
- Medium-Term Financial Strategy
  - Annual General Fund Revenue Budget
  - Housing Revenue Account Budget and 30-year Business Plan
  - Dedicated Schools Grant
  - Capital Strategy and Programme
  - Treasury Management & Investment Strategy
  - Fees and Charges
  - Pay Policy

### **3.2 Principles**

- 3.2.1 The purpose of Finance Planning is to set out and communicate the Council's financial objectives, resource allocations and related performance targets, and to provide an agreed basis for subsequent management control, accountability and reporting.
- 3.2.2 The Council's Medium Term Financial Strategy represents a multi-year financial strategy that identifies the medium to long term financial implications for the organisation in delivering the Council's priorities.
- 3.2.3 The Council's budget sets agreed parameters around resource allocations (budgets) for delivery of the annual activities and functions of council services and is constructed within the context of a medium-term financial strategy.
- 3.2.4 Budgets enable the Council to plan, authorise, monitor and control the way money is allocated and spent to achieve the Council's objectives.
- 3.2.5 It is unlawful for the Council to budget for a deficit, meaning that expenditure proposed to be incurred in a financial year should not exceed the resources available to it to meet that expenditure. Section 114 of the Local Government Finance Act 1988 requires the Section 151 Officer to report to Full Council, Cabinet and the external auditor if the Council or one of its officers has made, or

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is about to make, a decision which involves incurring unlawful expenditure.

- 3.2.6 The capital programme sets out the resource allocations to be made to capital schemes. Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the organisation, such as land, buildings, major items of plant, equipment and vehicles.
- 3.2.7 The budget process must ensure that resources are:
  - a) required in accordance with the law and properly authorised;
  - b) used only for the purpose intended to achieve approved policies, objectives and service priorities;
  - c) held securely for use when required; and
  - d) used with the minimum level of waste, inefficiency or loss.
- 3.2.8 To enable informed and transparent decision making, all Cabinet, Cabinet Member and Committee decision reports must incorporate a separate finance impact section which will need to be prepared in collaboration with the finance team and signed-off by the Section 151 Officer or his or her nominated deputies.

### **3.3 The Budget and Policy Framework**

- 3.3.1 Full Council is responsible for agreeing the policy framework and budget, which will be recommended by the Cabinet.
- 3.3.2 The overall annual budget requirement and capital programme is recommended by the Cabinet and approved by Full Council. Directors and their Budget Managers are subsequently authorised to incur expenditure in accordance with the estimates that make up the budget. Subject to any further decisions being made as consistent with the Council's decision making requirements and governance framework necessary before the expenditure is incurred.

### **3.4 Medium Term Financial Strategy**

- 3.4.1 The Medium Term Financial Strategy (MTFS) manages council finances within the context of a forward looking rolling business planning framework. The MTFS should set out issues likely to affect the financial position of the Council over the medium term.
- 3.4.2 The Section 151 Officer is responsible for ensuring that the Council's MTFS, which should include the Capital Strategy and Treasury Management Strategy, is updated each year.

- 3.4.3 Directors are responsible for contributing to the development of the MTFS.
- 3.4.4 Cabinet is responsible for recommending the MTFS to be approved by Full Council.

### **3.5 Budget Preparation**

#### **3.5.1 Budget Preparation Overview**

- 3.5.1.1 Budgets ensure that the Council can plan, authorise, monitor and control the way money is allocated and spent.
- 3.5.1.2 The Portfolio Holder for Finance and the Leader of the Council, in conjunction with the Section 151 Officer, will manage the preparation of the budget on an annual basis for consideration by the Council. The annual budget will include allocations to different services and projects, proposed taxation levels and contingencies.
- 3.5.1.3 Detailed budgets, as proposed by Directors, will be subject to challenge and review through a process determined by the Section 151 Officer. Any proposed changes to service levels as a result of budget plans will be subject to an Equalities Impact Assessment as part of the consideration process before approval and implementation. The Council will engage partners in the budget preparation process where possible and appropriate.
- 3.5.1.4 The Section 151 Officer has a statutory duty to report upon the budget proposals presented to Full Council. Directors must provide the Section 151 Officer with any information required to enable the robustness of the budget proposals to be assessed.
- 3.5.1.5 The budget and the implied level of taxation will be presented for approval by Full Council, following recommendation by the Cabinet. Council Tax and Non-domestic rates must be set by 1st March in the year prior to the year of taxation.

#### **3.5.2 Guidelines to Budget Preparation**

- 3.5.2.1 The Section 151 Officer will issue guidelines on budget preparation to Senior Leadership Team.
- 3.5.2.2 Directors must prepare detailed draft revenue and capital budgets, in consultation with the Section 151 Officer and in accordance with the guidance and timetable.

## **3.6 Revenue Budget**

### **3.6.1 Revenue Income and Expenditure**

- 3.6.1.1 Revenue income and expenditure represents the current or day to day running costs, and associated receipts, of the Council; including salaries, heating and lighting, office expenses, income raised by charging service users and government grants.

### **3.6.2 Revenue Budget**

- 3.6.2.1 Budgets ensure that the Council can plan, authorise, monitor and control the way money is allocated and spent.
- 3.6.2.2 The Section 151 Officer is responsible for ensuring that a Revenue Budget is prepared on an annual basis and a General Revenue Plan on a medium-term basis for consideration by the Cabinet, before submission to a Council Meeting.
- 3.6.2.3 A Council Meeting may amend a Draft Budget or ask the Cabinet to reconsider it before approving it (refer to Budget and Policy Framework Procedure Rules).
- 3.6.2.4 It is the responsibility of Directors to ensure that Departmental Budgets reflect the Cabinet's agreed Service Plans and are submitted to the Section 151 Officer and that these budgets are prepared in line with guidance issued by the Section 151 Officer.

### **3.6.3 Budget Format**

- 3.6.3.1 The format of the budget determines the level of detail to which financial control and management will be exercised.
- 3.6.3.2 The general format of the Budget will be approved by a Council Meeting and recommended by the Cabinet on the advice of the Section 151 Officer.
- 3.6.3.3 The budget report will include a statement from the Section 151 Officer, under Section 25 of the Local Government Act 2003, regarding the adequacy of reserves and robustness of estimates.
- 3.6.3.4 Directors and their budget managers are responsible for complying with the format of the budget as agreed by the Full Council.

### **3.7 Housing Revenue Account and 30 Year Business Plan**

- 3.7.1 The Housing Revenue Account (HRA) is a ring-fenced account for council dwellings & hostels income and expenditure which is required to be in a break even position. The Local Government and Housing Act 1989 Section 76 requires Local Authorities with an HRA to set a budget for the account that avoids the account being in an overall deficit. Due consideration is given to both capital and revenue expenditure as well as rent setting levels.
- 3.7.2 There is also a requirement for a HRA Business Plan to be prepared on an annual basis.
- 3.7.3 The service Director is responsible for preparing the HRA Budget and business plan in consultation with the Section 151 Officer and Portfolio Holder. The service Director must ensure that the budget proposed (revenue and capital) is affordable within the overall HRA resources.

### **3.8 Dedicated Schools Grant (DSG)**

- 3.8.1 The Local Authority has responsibilities with regard to setting the Dedicated Schools Grant (DSG) budget annually as required by the Secretary of State under Section 16 of the Education Act 2002 and associated regulations and the S151 Officer is required to certify annually that the grant has been deployed in accordance with the regulations. Decision making power and consultative responsibilities over the DSG is shared between the Council, Ealing Schools Forum and the Secretary of State/ DfE with regard to the respective blocks of the grant and the precise roles and responsibilities of each of the respective parties, under the current regulations.
- 3.8.2 The service Director is responsible for preparing the DSG Schools Budget and consulting with the Section 151 Officer, Portfolio Holder and the Schools Forum.

### **3.9 Capital Strategy and Programme**

#### **3.9.1 Overview**

- 3.9.1.1 The Council's Capital Programme will be developed in accordance with the Council's Capital Strategy, Treasury Management Strategy and financial instructions. The strategy will ensure that capital investment (General Fund and Housing Revenue Account) is targeted to achieve best value and maximum effect on

priorities, needs and outcomes for local communities.

### **3.9.2 Capital Strategy**

- 3.9.2.1 The Council is required by the CIPFA Prudential Code for Capital Finance (2017) to agree a capital strategy when developing the capital programme. The capital strategy sets out the long-term context in which capital investment decisions are made and the governance for those decisions.
- 3.9.2.2 It is a framework for allocation and management of capital resources within the Council, which take account of council's key priorities in the Corporate Plan. It forms a key part of the Council's integrated revenue, capital, and balance sheet planning with a view towards deliverability, affordability, and risk.
- 3.9.2.3 It supports the development of a capital programme that is affordable, prudent, and sustainable whilst giving due consideration to risk, reward and delivery of the council's business plan. The strategy improves holistic financial management and both informs and forms part of the budget process.
- 3.9.2.4 Both the Treasury Management Strategy and Capital Strategy are required to comply with the Prudential Code. Whilst the Capital Strategy sets out the framework in which investments should be taken the Treasury Management Strategy sets the Council's financing requirements.
- 3.9.2.5 The Section 151 Officer is responsible for ensuring that all relevant prudential indicators (as set out in the CIPFA Prudential Code for Capital Finance) are taken account of within the capital programme. The Section 151 Officer is also responsible for ensuring that the capital programme informs the treasury management strategy and Minimum Revenue Provision policy.

### **3.9.3 Capital Expenditure**

- 3.9.3.1 Capital spend is expenditure incurred in acquiring, constructing or enhancing physical assets such as buildings, land, vehicles, plant and machinery that have an estimated useful asset life in excess of one year.
- 3.9.3.2 The Council applies a de-minimis level of £10,000.
- 3.9.3.3 Where expenditure qualifies to be supported by capital grant and in accordance with relevant funding conditions, the Section 151 Officer may consider to suspend in applying its de-minimis rule in

## **Section A – Financial Regulations**

this circumstance. Directors are required to seek approval from the Section 151 Officer prior to incurring spend below the de-minimis level.

- 3.9.3.4 Where expenditure meets the 'capital expenditure' definition and is in excess of the Council's de-minimis limits, it will be classified as capital expenditure, even if provision exists within the Revenue Budget to fund the work (and vice versa).
- 3.9.3.5 Similarly, where specific financing (e.g. government grant) is provided to facilitate a project, this will not determine the accounting treatment of the expenditure. That is, the accounting treatment is determined according to the type of expenditure, and not by the funding source.

### **3.9.4 Capital Programme**

- 3.9.4.1 The Capital Programme is agreed annually by the Full Council provides in principle support for individual projects funded from General Fund and Housing Revenue Account. However, the release of funds to facilitate each project is subject to an appropriate business case being approved by Section 151 Officer in line with Financial Instructions. In addition, further decisions on individual projects will also need to be made in accordance with the Council's wider decision making and governance requirements.
- 3.9.4.2 Directors will ensure that financial plans support the efficient use of assets.
- 3.9.4.3 Directors will ensure any request for new capital schemes or budget additions is provided as part of the annual budget process to be considered by Section 151 Officer with the annual Treasury Management and Capital Strategies. Directors should only seek approval outside of the annual budget process in exceptional cases.
- 3.9.4.4 Directors should ensure no expenditure is incurred on a capital project unless it has been approved (including approval of detail business case by the Section 151 Officer) to be incepted into the programme, in accordance with financial delegations and in advance of any spending decisions.
- 3.9.4.5 Any slippage and/or acceleration of capital scheme budget must be reported as part of the in-year budget update report to Cabinet.

- 3.9.4.6 Any forecasted overspends must be contained within the overall Capital Programme and reported to the Section 151 Officer and Portfolio Holder for Finance and Portfolio Holder for relevant service area in accordance with the financial delegation limits set out in Part B of this document.

### **3.9.5 Financing of the Capital Programme**

- 3.9.5.1 The Section 151 Officer will determine the financing of the capital programme, taking into consideration the availability of reserves and balances, funding from other bodies and the affordability of borrowing.

## **3.10 Treasury Management Strategy**

- 3.10.1 Treasury management is a key area of effective financial management that underpins the Council's operational and strategic capital ambition.
- 3.10.2 The Section 151 Officer will propose an annual Treasury Management Strategy, which includes:
- Updated Prudential Indicators prepared in accordance with the latest code of practices;
  - Policy for making revenue provision for the repayment of debt referred as the 'Minimum Revenue Provision' Policy;
  - Borrowing Strategy; and
  - Investment Strategy.
- 3.10.3 These documents are required to comply with CIPFA's Codes of Practice on Treasury Management and the Prudential Framework for Capital Finance, relevant Regulations and with the Council's own Treasury Management Policy Statement and Treasury Management Practices; they will set the parameters within which investment and borrowing activity will be managed during the forthcoming financial year.
- 3.10.4 Further detail on treasury management is provided in Section 6.

## **3.11 Fees and Charges**

- 3.11.1 The Council charges for a range of services. Approval of fees and charges is dependent on relevant legislation so decisions may be made by Cabinet, General Purposes Committee or by officer decision under delegated authority.
- 3.11.2 Directors are responsible for ensuring that any changes to Fees

## **Section A – Financial Regulations**

and Charges are undertaken following consultation of the Section 151 Officer.

- 3.11.3 All new charges, and amendments to existing charges, will be subject to formal approval in accordance with the Council's Constitution. Any significant changes must take account, from an equality's perspective, the impact on paying customers of not only the proposed change in question but also of changes to other council fees and charges for which that individual may be liable.
- 3.11.4 Further detail on fees and charges is provided in Section 7.

### **3.12 Pay Policy Statement**

- 3.12.1 The Director of Human Resources and Organisational Development is responsible for producing an annual pay policy statement which needs to be approved by Full Council.
- 3.12.2 The Council is required by law to prepare and publish a pay policy statement.
- 3.12.3 At present it is required to set out the Council's policy on the level and elements of remuneration for each chief officer, the remuneration of its lowest paid employees, and the relationship between the remuneration of its chief and other officers. It is also required to address other specific aspects of chief officer remuneration such as remuneration on recruitment, increases and additions to remuneration, use of performance related pay and bonuses, termination payments and transparency.

### **3.13 Resource Allocation**

- 3.13.1 A mismatch often exists between available resources and required resources. It is therefore imperative that required resources are carefully prioritised and that available resources are fairly allocated, in order to fulfil all legal responsibilities.
- 3.13.2 The Section 151 Officer is responsible for developing and maintaining a resource allocation framework, giving due consideration to council and service priorities.
- 3.13.3 Directors are authorised to implement their service spending plans in accordance with the recommendations of the budget report and the Council's Contract Standing Orders, Financial Regulations, relevant Schemes of Delegation and to undertake any further consultation as required (including the Equalities Impact Assessment).

**3.14 Maintenance and Use of Reserves and Balances**

- 3.14.1 It is the responsibility of the Section 151 Officer to advise the Cabinet and Full Council on prudent levels of reserves.
- 3.14.2 Any call on reserves and balances will be authorised by the Section 151 Officer.

## **4. Financial Management**

### **4.1 Principles**

- 4.1.1 Financial management covers all financial accountabilities in relation to the running of the Council, including the policy framework, revenue budget, capital programme and treasury management.
- 4.1.2 All officers and Members have a duty to abide by the highest standards of probity in dealing with public money. This is facilitated by ensuring everyone is clear about the standards to which they are working and by the controls that are in place to ensure that these standards are met.
- 4.1.3 To ensure the Council does not exceed its overall budget, each service area is required to manage its own income and expenditure within the cash limited budgets allocated to them to be spent on agreed service activities and functions. The Council's approval of the revenue estimates constitutes authority to incur expenditure, subject to compliance with the approved policies and regulations of the Council and any other limitation that may be imposed.

### **4.2 Budget Management and Control**

- 4.2.1 Budget management ensures that once the budget has been approved by the Full Council, resources allocated are used for their intended purposes and are properly accounted for. Budgetary control is a continuous process, enabling the Council to review and adjust its budget targets during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.
- 4.2.2 By continuously identifying and explaining variances against budgetary targets, the Council can identify changes in trends and resource requirements at the earliest opportunity. To ensure that the Council in total does not overspend, each service is required to manage its own expenditure within the budget allocated to it.
- 4.2.3 The Section 151 Officer is responsible for providing appropriate financial information to enable budgets to be monitored effectively and to report to the Cabinet on the overall position on a regular basis.
- 4.2.4 It is the responsibility of Directors to control income and expenditure within their area and to monitor performance. They

## **Section A – Financial Regulations**

should report on variances and mitigating actions within their own areas. They should also take any action necessary to avoid exceeding their budget allocation and alert the Section 151 Officer to any problems.

- 4.2.5 Any slippage and/or acceleration of capital scheme budget must be reported as part of the in-year budget update report to Cabinet. Whilst any forecasted overspends must be contained within the overall Capital Programme and reported to the Section 151 Officer, Portfolio Holder for Finance and Portfolio Holder for relevant service in accordance with the financial delegation limits set out in Part B of this document.
- 4.2.6 Directors may delegate the day to day management of budgets to Budget Managers. Directors should advise the Section 151 Officer at least annually, of the officers who have delegated responsibility for day-to-day management of service budgets. Any service managers to be given responsibility for a budget should first have received appropriate training to take on the role of Budget Manager.
- 4.2.7 Directors and those with delegated responsibility for the day to day management of budgets should review budget monitoring information on a regular basis paying particular attention to budgets that vary depending on service activity levels. Responsibility for monitoring and controlling income and expenditure cannot be delegated.
- 4.2.8 Directors are responsible for ensuring budget monitoring information is submitted in accordance with procedures issued by the Section 151 Officer.
- 4.2.9 Directors are responsible for ensuring that there is sufficient budget provision prior to the appointment of staff on either a temporary or permanent basis or entry into a contract for the provision of goods or services to the Council.
- 4.2.10 Officers will undertake approved finance training prior to commencement as an operational Budget Manager and/or as an authorised authoriser, to ensure they have the necessary knowledge and skills to effectively perform their financial responsibilities; refresher training will be undertaken as specified by the S151 Officer.
- 4.2.11 The Section 151 Officer will ensure that each Budget Manager receives or has access to timely information on income and expenditure for each budget, which is sufficiently detailed to

## **Section A – Financial Regulations**

enable them and their managers to fulfil their budgetary responsibilities.

- 4.2.12 The Section 151 Officer will monitor performance against the Council's budget on an on-going basis and will advise upon the Council's overall financial position to Cabinet on a regular basis.

### **4.3 Authority to Spend**

- 4.3.1 Allocation or approval of budget does not automatically mean that there is authority to spend.

- 4.3.2 Directors need to ensure that appropriate spend and other approval are sought inline with the Council's wider decisionmaking and governance requirements including (but not limited to), the Contract Procedure Rules, Financial Regulations and financial limits before any commitments or contractual arrangements are entered into with regards to any expenditure plans.

### **4.4 Adjustments to Approved Budget**

- 4.4.1 The Section 151 Officer is responsible for issuing procedures and associated templates to be used when there is a need to amend the approved budget. These procedures should cover changes to expenditure, income or reserve appropriations in relation to the General Fund, Housing Revenue Account, Dedicated Schools Grant or Capital Budgets. Similar arrangements should be put in place for the budgets of fully owned subsidiary companies.

#### **4.4.2 Scheme of Virement**

- 4.4.2.1 The term virement refers to transfers of budgets between or within cost centres. The Scheme of Virement is intended to enable Directors and Budget Managers to manage budgets with a degree of flexibility within the overall policy framework determined by the Council, and, therefore, to optimise the use of resources.

- 4.4.2.2 Virements are not permissible in the following circumstances:

- a) Between Revenue and Capital or vice versa.
- b) Between Housing Revenue Account and General Fund or vice versa.
- c) Between Housing Revenue Account and General Fund or vice versa.
- d) Between Dedicated Schools Grant Account and General Fund or vice versa.

## **Section A – Financial Regulations**

- e) Between Collection Fund and General Fund or Housing Revenue Account or vice versa.
- f) Between other Council Funds and the General Fund and Revenue Account.

4.4.2.3 The process required to adjust the approved budget will depend on the purpose, value and impact of the proposed change. Details of the financial approval limits are set out in Part B of this document.

4.4.2.4 The Section 151 Officer is responsible for:

- a) Controlling and administering the virement mechanism in accordance with guidance and limits set by Council.
- b) Recording approved virements in the Council's financial systems and reflecting the impact of these in regular monitoring reports to Cabinet.

4.4.2.5 Directors are responsible for ensuring that any revised budgeted income levels are reasonable and that mitigation plans are in place to constrain expenditure in the event that budgeted income levels are not achieved.

4.4.2.6 Directors with the agreement of the Section 151 Officer, can transfer between Budget Managers as part of a reorganisation or other change in responsibility, provided the associated policy and expected outcomes for the service areas affected remain unchanged.

4.4.2.7 Directors and Budget Managers, with the agreement of the Section 151 Officer, can transfer amounts within their budgets between subjective expenditure categories on the condition that the affected budgets continue to provide sufficient resource to deliver the intended policy objectives.

4.4.2.8 Budget Managers are responsible for:

- a) Ensuring all proposed virements comply with the limits and approval requirements set out in the financial delegation schedule.
- b) Notifying all proposed virements in writing to the Section 151 Officer or his/her representative.
- c) Ensuring that virements are correctly identified as either permanent or temporary (in year) adjustments.

### 4.4.3 Revenue Virements

4.4.3.1 As a general rule, revenue virement is only permissible in the following circumstances:

- to correct any errors made in the initial loading of the budget onto the main accounting system;
- to reflect a structural reorganisation;
- to distribute centrally held budgets, e.g. growth, savings, inflation etc...
- to reflect receipt of additional grant or other funding;
- to reflect technical adjustments at the discretion of the Section 151 Officer;
- where donating service budget area will not subsequently become overspent;
- to reflect any changes in corporate priorities; and
- to reflect adjustments required in the use of earmarked reserves.

4.4.3.2 Directors shall take immediate action as appropriate to ensure that there is no net overall effect on their budget when they are aware that expenditure exceeds or is expected to exceed, or income has or is expected to fall short of the approved revenue budget.

4.4.3.3 Directors are responsible for agreeing in-year virements within delegated limits set out in the financial delegation schedule.

### 4.4.4 Capital Virements

4.4.4.1 As a general rule, capital virement is only permissible in the following circumstances:

- to correct any errors made in the initial loading of the budget onto the main accounting system;
- where transfer of budget will not subsequently leave a scheme overspent;
- transfers that are contained within a scheme must be authorised in line with the delegated authority limits set out in the financial delegation schedule;
- to reflect technical adjustments (including financing of individual schemes) at the discretion of the Section 151 Officer;
- to reflect decommissioning of capital projects at the discretion of the Section 151 Officer and in consultation with Portfolio Holders for Finance and relevant service; and

## **Section A – Financial Regulations**

- to reflect approved slippage and/or acceleration of approved capital scheme budgets.

4.4.4.2 Variations to the approved capital budgets for capital schemes and any new additions must be approved by the Section 151 Officer in accordance with the limits set out in financial delegation schedule.

4.4.4.3 Capital virements that will change the approved purpose or council policy will need to be approved by Cabinet or Full Council in accordance with agreed delegations.

### **4.5 Council Managed Schools**

4.5.1 Schools Governors are required to establish criteria for virements and financial limits for their schools, in accordance with the 'Scheme for Financing Schools'.

### **4.6 Treatment of Financial Year End Balances**

4.6.1 In certain circumstances, it is permissible to transfer resources between accounting years (e.g. carry under and over spends forward for use in the following year or fund an overspend in the current year from next year's budget allocation).

4.6.2 Where treatment of year-end balances is not covered by the accounting policies, Section 151 Officer will agree separate process for these.

### **4.7 In-Year Movement of Reserves and Balances**

4.7.1 In the event that it is not possible to move resources between budget headings to meet a liability across General Fund, Housing Revenue Account and/or Dedicated Schools Grant, Directors may request Section 151 Officer for drawdown of funds held in earmarked reserves.

4.7.2 Drawdown and contribution to reserves are subject to approval by the Section 151 Officer.

4.7.3 Drawdown from reserves can only be requested for one-off purposes, although it may be possible to request funding for a project that spans more than one financial year.

4.7.4 Where additional funding is required on an on-going basis, the full year effect must be addressed through the revenue budget setting process.

## **4.8 Accounting Policies**

- 4.8.1 The Section 151 Officer (or nominated deputies) is responsible for selecting the Council's accounting policies and ensuring that they are applied consistently.

## **4.9 Accounting Records and Returns**

- 4.9.1 The Section 151 Officer is responsible for determining the Council's accounting procedures and records.

## **4.10 The Annual Statement of Accounts**

- 4.10.1 The Section 151 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) for the current year.
  - the Accounts and Audit (England) Regulations 2015.
- 4.10.2 The Audit Committee is responsible for approving the annual statement of accounts.

## **5. Risk Management and Internal Control**

### **5.1 Introduction**

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

### **5.2 Risk management**

- 5.2.1 The Audit Committee is responsible for approving the Council's risk management strategy and any subsequent revisions to the strategy. Audit Committee is also responsible for reviewing the effectiveness of risk management on the basis of regular up-dates from the Assistant Director Audit and Investigation.
- 5.2.2 The Section 151 Officer is responsible for preparing the Council's Risk Management Policy and procedures, and for promoting these throughout the Council. The Section 151 Officer or the Assistant Director of Audit and Investigations is responsible for ensuring that adequate and proper insurance is maintained by both internal and external provision as appropriate.

### **5.3 Insurance**

- 5.3.1 The Section 151 Officer is responsible for putting arrangements in place for corporate insurance cover, through external insurance and internal funding, and the negotiation of all claims in consultation with other officers, and external agents where necessary.
- 5.3.2 The Section 151 Officer is responsible for maintaining a register of insurances and the property or risks covered thereby and for maintaining a register of insurance claims made against the Council including those that have yet to be settled.
- 5.3.3 All appropriate employees of the Council should be included in a suitable fidelity guarantee insurance.
- 5.3.4 Directors must notify the Assistant Director of Audit and Investigations promptly of any insurance claims made against the Council.
- 5.3.5 Directors are responsible for notifying the Assistant Director of Audit and Investigations immediately of any loss, liability or

## **Section A – Financial Regulations**

damage that may lead to a claim against the Council, together with any information or explanation required by the Council's insurers.

- 5.3.6 Directors are responsible for notifying the Assistant Director of Audit and Investigations of asset disposals for which insurance cover is no longer required and the purchase of new assets, which need to be included within the Council's insurance cover.
- 5.3.7 Directors are responsible for notifying the Assistant Director of Audit and Investigations of the provision of services by the Council to another body so that appropriate insurance arrangements can be made.
- 5.3.8 Directors, in consultation with the Assistant Director of Audit and Investigations, are responsible for ensuring that contractors who are engaged to carry out works to the Council's assets including schools have appropriate insurance cover.
- 5.3.9 The Section 151 Officer is responsible for ensuring that the Council's insurance claims, and reserves/ provisions are valued by an independent actuary at least every 3 years.

### **5.4 Internal control**

- 5.4.1 Internal control refers to the systems of control designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies and objectives. The Council has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 5.4.2 The Section 151 Officer is responsible for advising on effective systems of internal risk control. These arrangements need to ensure compliance with the law and proper standards. They should ensure that the Council's funds are safeguarded and properly accounted for.
- 5.4.3 It is the responsibility of Directors to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial and operational performance targets.

### **5.5 Audit Requirements**

### **5.5.1 Overview**

- 5.5.1.1 The Accounts and Audit (England) Regulations 2015 require the Council to maintain an adequate and effective system of internal audit of its accounting records and accounting control systems in accordance with proper internal audit practices, and any officer or member shall, if required:
- a) make available such documents for the purpose of the audit; and
  - b) supply such information as considered necessary.
- 5.5.1.2 The CIPFA Code of Practice for internal audit in local government in the UK requires an annual review of the effectiveness of the system of internal control.
- 5.5.1.3 The Council 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.
- 5.5.1.4 The External Auditors and other statutory inspectors must be given reasonable access to premises, personnel, documents and assets that it is considered necessary for the purposes of their work. Regard must be given to sensitivity of data though, and if there is any doubt about whether it is appropriate to provide such data to the external auditor or other statutory inspector, advice should be sought from the Section 151 Officer.
- 5.5.1.5 Services must respond to external audit and inspection reports in writing, within a timescale agreed by the Section 151 Officer and the External Auditor, detailing the action intended to address any recommendations.

### **5.5.2 Appointment of External Audit for Statement of Accounts**

- 5.5.2.1 Public Sector Audit Appointments Limited is responsible for appointing external auditors to the Council. The basic duties of the external auditor are governed by Part 5 of the Local Audit and Accountability Act 2014.

### **5.5.3 Appointment of Auditors for Statutory Grants**

- 5.5.3.1 The Section 151 Officer will commission external auditors to undertake audit of any statutory grants whereby the awarding body requires an independent audit to be undertaken e.g. Dedicated Schools Grant, Housing Benefit Subsidy.

## **5.6 Preventing Fraud and Bribery**

- 5.6.1 The Section 151 Officer is responsible for the development and maintenance of the Fraud and Bribery Response Policy.
- 5.6.2 All Directors are responsible for establishing systems and controls to mitigate the risk of fraud and bribery.
- 5.6.3 All Directors, Budget Managers and staff are must immediately inform the Assistant Director Audit and Investigation of any incident or circumstance which gives rise to the suspicion that some kind of fraud, misappropriation or financial irregularity may be taking place or may have taken place in connection with the activities of the Council.
- 5.6.4 Directors need to ensure that staff are aware of gifts and hospitality guidance and these are recorded with their line managers.
- 5.6.5 Transactions need to comply with money laundering regulations as set out in the Council's Money Laundering Policy.

## **6. Control of Resources**

### **6.1 Assets**

#### **6.1.1 Asset Management**

- 6.1.1.1 The Section 151 Officer and Service Directors are responsible for issuing instructions on the form of registers of properties, plant, machinery, vehicles and moveable assets owned by the Council to order to provide information necessary for the safeguarding, efficient use and maintenance.
- 6.1.1.2 The Section 151 Officer and Service Directors are responsible for ensuring that information is maintained which is sufficient to support the value of assets reported in the Council's accounts.

#### **6.1.2 Security of Assets**

- 6.1.2.1 The Council holds non-current assets in the form of property, land, infrastructure, vehicles, plant and equipment which are collectively worth many millions of pounds. These assets must be safeguarded and used efficiently.
- 6.1.2.2 All staff have a responsibility for safeguarding the Council's assets and information, including safeguarding the security of the Council's computer systems and paper records,
- 6.1.2.3 Directors should ensure that records and assets are properly maintained and securely held. They 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.
- 6.1.2.4 Budget Mangers are responsible for ensuring that all assets in their control are appropriately maintained.

#### **6.1.3 Asset Disposal**

- 6.1.3.1 The Director of Growth and Sustainability is responsible for all disposals of land and property consistent with the Council's decision making requirements and for identifying any revenue implications arising from the sale of such assets, following consultation with the Section 151 Officer.
- 6.1.3.2 Directors should ensure that the best price is obtained for all non-land and property items with a residual value via public auction as a practical form of public tender and that environmental considerations are addressed. When disposing of non-land and

## **Section A – Financial Regulations**

property assets Directors must obtain the approval from the Section 151 Officer of the Functions Delegated to Officers within the Officer Delegated Powers. They must assure themselves that the assets concerned are the property of the Council (rather than a leasing company) before disposing of them.

- 6.1.3.3 Budget Managers may dispose of revenue assets through sale, donation or scrapping after taking appropriate advice from the Director of Growth and Sustainability and Section 151 Officer.
- 6.1.3.4 Budget Managers must ensure that value for money is obtained for every disposal and maintain adequate records demonstrating value for money, the reasons for the disposal, and that the assets are obsolete or surplus to requirements.
- 6.1.3.5 Budget Managers must ensure they take advice from the Director of Growth and Sustainability and the Section 151 Officer with regards to any land and property asset disposal and consult with the Section 151 Officer on any non-land and property assets with regards to the appropriate method of disposal.
- 6.1.3.6 Decisions with regards to asset disposal need to be taken in accordance with Part 8 paragraph 2.3.9 of the Council's Constitution.

### **6.2 Leases**

- 6.2.1 Leases for the acquisition of goods or services must not be entered into without the prior approval of the Section 151 Officer.
- 6.2.2 Leases for the occupation of premises by the Council or the occupation of the Council's premises by a third party must be granted in accordance with the Council's decision making and governance requirements following consultation with the Section 151 Officer.
- 6.2.3 Where schools are looking to enter into any lease arrangements they should comply with the 'Scheme for Schools Financing' and inform the Section 151 Officer of any such arrangements.

### **6.3 Stocks and Stores**

- 6.3.1 Stocks and stores must only be held at a level which is necessary to maintain the smooth running of services.
- 6.3.2 Directors are responsible for the care and custody of stocks. Stock records must be retained for all holdings of stock. Regular physical

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checks should be carried out against the stock records. Discrepancies in excess of £10,000 between stock records and physical stocks must be investigated and reported to the Assistant Director of Audit and Investigations.

- 6.3.3 The value of stores held on 31 March each year must be reported in accordance with instructions issued by the Section 151 Officer.
- 6.3.4 Obsolete stocks and stores (i.e. items that cannot be sold or consumed) or items no longer held (i.e. due to theft or other loss) must be written off (i.e. charged to the revenue account as an expense) straight away.
- 6.3.5 Directors must seek approval from Section 151 Officer to write off any stock balances.

### 6.4 Treasury Management

- 6.4.1 The Council has adopted the key recommendations of CIPFA's Treasury Management in the Public Services Code of Practice as follows:

*"The Council should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities".*

- 6.4.2 The policies and practices should make clear that the effective management and control of risk, having regard to return, are prime objectives of their Treasury Management Activities.
- 6.4.3 The Council acknowledges that the pursuit of Value for Money in Treasury Management, and the use of suitable performance measures, are valid and important tools for responsible organisations to employ in support of their business or service objectives; and that within the context of effective risk management, their Treasury Management policies and practices should reflect this.
- 6.4.4 The Council has defined its Treasury Management Activities as:  
  
*'The management of the organisation'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.'*
- 6.4.5 The Council regards the successful identification, monitoring and

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control of financial risk to be the prime criteria by which the effectiveness of its Treasury Management Activities will be measured. Accordingly, the analysis and reporting of Treasury Management activities will focus on their risk implications for the organisation.

- 6.4.6 The Council acknowledges that effective Treasury Management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving Best Value in Treasury Management, and to employing suitable performance measurement techniques, within the context of effective risk management.
- 6.4.7 The Council will create and maintain as the cornerstones for effective Treasury Management:
- a) A Treasury Management Policy Statement (see below), stating the policies and objectives of its Treasury Management activities
  - b) Suitable Treasury Management Practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
  - c) The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this organisation. Such amendments will not result in the organisation materially deviating from the Code's key principles.
- 6.4.8 The Cabinet will receive reports on its Treasury Management policies, practices and activities, including as a minimum, an Annual Treasury Management Strategy Report prior to each Financial Year, a mid-year review and an annual report after the close of each Financial Year, in the form prescribed in its TMPs.
- 6.4.9 The Council has delegated responsibility to the Section 151 Officer for the implementation and monitoring of its Treasury Management Policies and Practices and for the execution and administration of Treasury Management Decisions, who will act in accordance with the Council's Treasury Policy Statement and TMP and CIPFA's 'Standard of Professional Practice on Treasury Management'.

## **6.5 Imprest Accounts**

- 6.5.1 The Section 151 Officer will provide imprest accounts as appropriate for such officers that need them for the purposes of defraying petty cash and other expenses. Such accounts will be maintained in the manner and delegation prescribed by the Section 151 Officer.

## **6.6 Central Banking Arrangements**

- 6.6.1 The Section 151 Officer is responsible for approving the central bank account authorised signatories.
- 6.6.2 The Section 151 Officer will make all arrangements with the Council's bankers. Two authorised bank signatories must approve any new bank accounts.
- 6.6.3 All central bank accounts must be reconciled to the Council's cash books on a monthly basis.
- 6.6.4 Council cheques will bear the signature of the Section 151 Officer or other authorised bank signatories.
- 6.6.5 The Section 151 Officer is responsible for the secure administration of funds held on behalf of third parties.

## **6.7 Staffing**

- 6.7.1 The Council is responsible for determining how officer support for Cabinet and non-Cabinet roles within the Council will be organised.
- 6.7.2 The Chief Executive is responsible for providing overall management to staff and is also responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.
- 6.7.3 Directors with the assistance of the Section 151 Officer and Director for HR and Organisational Development are responsible for controlling total staff numbers by:
- Advising the Cabinet on the Budget necessary in any given year to cover estimated staffing levels.
  - Adjusting the staffing to a level that can be funded within Approved Budget provision, varying the provision as necessary within that constraint in order to meet changing

operational needs.

- Ensuring that all proposals to create new posts are fully costed and the availability of funding checked by the Section 151 Officer before being implemented.
- The proper use of appointment procedures.
- Ensuring that any changes to the grading of posts are achieved within cash limited budgets.

### **6.8 Intellectual property**

- 6.8.1 Intellectual property is a generic term that includes inventions and writing. If an employee creates these during the course of employment, then as a general rule, they belong to the Council, not to the employee.
- 6.8.2 Executive Directors will ensure that their staff are not carrying out private work in Council time and that their staff are aware of the Council's rights with regard to intellectual property.
- 6.8.3 Instances where intellectual property has been (or may be) created which has, or may have, commercial value to the Council should be referred to the relevant Director.

## **7. Income and expenditure**

### **7.1 Overview**

- 7.1.1 It is the responsibility of Directors to ensure that a proper Financial Scheme of Delegation has been established within their departments and is operating effectively, which should be undertaken in consultation with the Section 151 Officer. The Financial Scheme of Delegation should identify staff authorised to act on the Directors' behalf, or on behalf of the Cabinet, in respect of payment requests, income collection and placing and approving orders, together with the limits of their authority.

### **7.2 Collection of Income and Debt Recovery**

#### **7.2.1 Overall arrangements**

- 7.2.1.1 The Section 151 Officer is responsible for agreeing arrangements for the collection of all income due to the Council and approval of the procedures, systems and documentation for its collection.
- 7.2.1.2 The records of each department with respect to items of income must be in such form as required by the Section 151 Officer. Income must be recorded gross and not netted off against expenditure.

#### **7.2.2 Income Collection**

- 7.2.2.1 Directors are responsible for having arrangements in place to promptly raise invoices for amounts due to the Council and to comply with council's Money Laundering Guidance to ensure, where appropriate, customer due diligences is undertaken.
- 7.2.2.2 Official receipts must be issued for income collection where cash is received, or payments are made by customers at a face-to-face service point. Cash must only be received in exceptional circumstances.
- 7.2.2.3 Directors should ensure that they have in place safe and secure arrangements when receiving cash by post and are required to record cash received in accordance with financial instructions.
- 7.2.2.4 Directors are responsible for holding income securely to safeguard against loss or theft and ensure the security of cash handling in a manner agreed with the Section 151 Officer.
- 7.2.2.5 Where income is being raised outside of the corporate Debtors

system e.g. housing rents; Directors are responsible to seek approval from the Section 151 Officer of both the framework and process being adopted, defining who is to raise and collect the debt on the Council's behalf.

### **7.2.3 Debt Recovery**

7.2.3.1 Debts should be recovered in accordance with the Council's Corporate Debt Policy, which sets out the principles for maximising collection, and provides details of the approach the Council will take in seeking to recover all money due. In all cases will be reasonable, fair and appropriate given the nature of the debt:

- (i) Where appropriate and lawful, ensure payment is received before or at the point of service.
- (ii) Invoices and other requests/demands should be checked for completeness and accuracy before being issued promptly.
- (iii) Invoices should be paid using the Council's preferred payment method of direct debit or standing order where a direct debit is not available.
- (iv) All invoices to be paid in accordance with the deadlines set out in the Corporate Debt Policy.

7.2.3.2 Directors have a responsibility to assist the Section 151 Officer in collecting the debts that they have originated by providing any further information requested by the debtor, and in pursuing the matter on the Council's behalf.

### **7.2.4 Writing-off Debts**

7.2.4.1 Directors are required to confirm they have followed the normal debt recovery procedure before referring the debt for write-off, and where the procedures have not been followed an explanation will need to be provided.

7.2.4.2 Directors will critically review outstanding debts on a regular basis, in conjunction with the Assistant Director of Local Taxation and Accounts Receivable and take prompt action to write off debts no longer deemed to be recoverable.

7.2.4.3 No bona fide debt may be cancelled, other than by formal write-off. The scheme of delegation sets out the delegated authority to writing off debts.

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- 7.2.4.4 The Assistant Director of Local Taxation and service Directors will need to seek approval of the Section 151 Officer on the writing-off of any individual debts. Details of the financial approval limits are set out in Part B of this document.
- 7.2.4.5 A record must be maintained for all debts written off and appropriate accounting adjustments must be made following approval to the write-off of debt. Where debts have been referred to Legal Services, due regard will be given to their advice when considering action relating to bad debts.
- 7.2.4.6 A write off is only appropriate where:
- the demand or invoice has been raised correctly and is due and owing;
  - every effort has been made to recover the debt, in the form of reminders, final notices and any other relevant recovery action undertaken; and
  - there is a justified reason why the debt should not be pursued further.
- 7.2.4.7 Where debts are considered to be irrecoverable, they should be passed for approval to write off the debt on a timely basis. The definition of irrecoverable is "a debt that will never be paid to the person owed, and is considered to be uncollectable for whatever reason, and should therefore be written off."
- 7.2.4.8 The Section 151 Officer is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control.
- 7.2.4.9 Debt write offs should be reported in accordance with protocols agreed by the Section 151 Officer.

### 7.2.5 Credit Notes

- 7.2.5.1 A credit note to replace a debt must be substantiated and can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt, and once it is confirmed that the debt is not payable.
- 7.2.5.2 Credit notes will not be issued:
- (i) For irrecoverable debts, as the formal write off procedure should be followed.

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- (ii) Where the debtor cannot afford to pay at that time. The debt should remain, and revised payment terms agreed, as appropriate.
- (iii) Where a debt is to be recovered through deductions from payments. In such instances, the deductions made should be offset against the debtor.

7.2.5.3 Credit notes will be subject to the approval of the Director / Budget Manager.

### **7.2.6 Bad Debt Provision**

7.2.6.1 Bad debts which are usually an amount owed by a debtor that is unlikely to be paid should be reviewed at least annually to establish if circumstances have changed and the debt is now recoverable. This is particularly relevant to debt incurred as a result of works carried out in default of statutory notices.

7.2.6.2 The Section 151 Officer is responsible for establishing a bad debt provision policy for General Fund sundry debtors held on the corporate Debtors system, which it will review on an annual basis.

7.2.6.3 In conjunction with the Section 151 Officer and in accordance with Financial Instructions, Directors are responsible for reviewing bad debt provision for all non-sundry General Fund debt e.g. Adult Social Care, Housing Revenue Account etc...

7.2.6.4 Directors must ensure there is adequate provision for Bad Debts, in accordance with CIPFA Code of Practice on Local Authority Accounting in United Kingdom – A Statement of Recommended Practice.

### **7.2.7 Year-end procedures**

7.2.7.1 Directors are responsible for notifying the Section 151 Officer of any income that has not yet been recorded within the Council's finance systems and that relates to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Section 151 Officer.

## **7.3 Fees and Charges**

7.3.1 Each Director is responsible for the establishment of a charging policy for the supply of goods and services which is reviewed regularly in line with corporate policies and in accordance with the Council's decision making requirements.

- 7.3.2 All service specific charging policies e.g. Adult Social Care Charging Policy, must be signed off by the Section 151 Officer.
- 7.3.3 Directors are responsible for reviewing fees and charges annually (including school buy-back) as part of the budget setting process in accordance with the Council's decision making requirements and following consultation with the Section 151 Officer and for operating assessment and collection arrangements in accordance with laws, regulations and good practice guidance.

### **7.4 Procurement**

#### **7.4.1 Overview**

- 7.4.1.1 All purchasing of goods and services must be in line with the Contract Procedure Rules and any supplementary guidance issued by the Section 151 Officer.
- 7.4.1.2 Corporate Credit Cards must only be used by authorised officers in accordance with procedures issued by the Section 151 Officer.

#### **7.4.2 Joint Contracts Board**

- 7.4.2.1 The purpose of Joints Contract Board (JCB) is to:
- Encourage a one Council view of commercial leadership and governance Provide strategic leadership, governance and guidance for council's commercial and procurement activities.
  - Provide a holistic view of Council wide third party spend, ensuring challenge and rigour is applied to spend decisions.
  - Reach agreement on commercial approaches for letting, award and management of contracts.
  - Monitor commercial risks and performance.
  - Enable commercial expertise across the Council.
  - JCB will have oversight/approval of all commercial decisions of £0.500m or greater.
  - Consider commercial business cases including in-house versus alternative options review.
  - Create and drive the Council's forward plan of commercial activity going through Cabinet, to reduce the need for exceptions and allow time for a procurement to take place and proficient use of resources.
  - Approve the award of contracts following procurement exercises for key items prior to submission to Cabinet or Cabinet Member for approval.
  - Regularly review and update key procurement policies /

initiatives.

- 7.4.2.2 The JCB will be chaired by the Section 151 Officer or his or her deputy and attended by Directors from across the Council, as well as Finance and Legal representatives. Where attendees cannot attend a replacement with delegated authority must attend instead.
- 7.4.2.3 Although not a formal decision making body, through its governance, it has input throughout the whole cycle e.g. influencing make vs buy decisions, market shaping and commercialisation. This will be particularly relevant in category management and identifying opportunities across departmental boundaries.
- 7.4.2.4 Directors are responsible of ensuring that all commercial and procurement activity decisions go through the JCB before they are presented to Cabinet or service Portfolio Holder for approval.

## **7.5 Purchasing of Goods and Services**

### **7.5.1 Official Orders**

- 7.5.1.1 Official orders must be in a form approved by the Section 151 Officer. Official orders must be issued for all work, goods or services to be supplied to the Council, except for those exceptions approved by the Section 151 Officer and items purchased using an approved corporate credit card.
- 7.5.1.2 Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of Council contracts.
- 7.5.1.3 All requisitions must be approved by an authorised officer. The authorised officer is responsible for ensuring that the purchase is necessary and appropriate, expenditure is correctly coded and there is sufficient budget available to fund the purchase taking account of commitments already entered into against the budget.

### **7.5.2 Receipt of Goods and Services**

- 7.5.2.1 Goods and services received should be checked to ensure they are in accordance with the order.
- 7.5.2.2 The receipt of goods and services should be recorded in accordance with procedures issued by the Section 151 Officer.

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- 7.5.2.3 Except where items are paid for using an approved credit card, payments must not be made unless goods have been received by the Council to the correct price, quantity and quality standards.

### **7.5.3 Authorisation of Payments**

- 7.5.3.1 The Section 151 Officer is authorised to pay promptly all amounts to which the Council is legally committed. Before making such payments the Section 151 Officer must take all reasonable precautions to ensure that the amounts have been authorised by spending departments as to their compliance with contracts, accepted tenders, minutes, regulations and standing orders of the Council.
- 7.5.3.2 The payment of invoices or processing of scheduled payments must be made in accordance with procedures issued by the Section 151 Officer.
- 7.5.3.3 The same officer must not authorise an order, certify the receipt of goods and authorise an invoice for payment.
- 7.5.3.4 The preferred method of payment from the Council shall be by Banks Automated Clearing System (BACS). Those organisations who do not accept BACS, payment will be by cheque or other electronic transfer approved instrument drawn on the Council's bank account. The use of direct debit shall require the prior agreement of the Section 151 Officer.

### **7.5.4 Retention of documentation**

- 7.5.4.1 All appropriate evidence of the transaction and payment documents must be retained and stored, in accordance with the Council's document retention policies.

### **7.5.5 Year-end procedures**

- 7.5.5.1 Directors are responsible for notifying the Section 151 Officer of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Section 151 Officer.

## **7.6 Payment and Appointment of Staff**

### **7.6.1 Payment of Staff**

- 7.6.1.1 The Director for Human Resources and Organisational Development is responsible for:

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- having arrangements in place for the payment of salaries, wages, compensation or other emoluments to existing and former employees which are reliable, secure and in accordance with applicable regulations.
- making arrangements for the accurate and timely payment of tax, pensions contributions and other deductions.
- making arrangements for paying Members' basic, special responsibility, travel or other allowances.
- ensuring that there are adequate arrangements for administering pensions matters on a day- to-day basis.
- the assessment of teacher's remuneration and for the compilation and custody of teacher's service records.

7.6.1.2 Directors must ensure that effective systems and procedures are operated, so that:

- (i) Payments are only made to bona fide employees.
- (ii) Payments are only made where there is a valid entitlement.
- (iii) Conditions and contracts of employment are correctly applied.
- (iv) Employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness.

7.6.1.3 The Director for Human Resources and Organisational Development will advise upon the employment status of individuals employed on a self-employed consultant or sub-contract basis.

### **7.6.2 Appointment of Staff**

7.6.2.1 Directors are responsible for ensuring there is adequate budgetary provision prior to the appointment of staff.

7.6.2.2 Directors are responsible for ensuring that appointments are made in accordance with the regulations of the Council and approved establishments, grades and scale of pay.

7.6.2.3 The Director for Human Resources and Organisational Development must be notified on a timely basis of all appointments, terminations or variations which may affect the pay or pension of an employee or former employee

## **Section A – Financial Regulations**

- 7.6.2.4 Agency staff for administrative, professional and technical roles should be appointed through the Council's corporate contracts with preferred agencies except where specific approval is obtained from the Director for Human Resources and Organisational Development.
- 7.6.2.5 Directors are responsible for ensuring that payments to staff, agency workers and consultants are made via the Council's payroll service to ensure the deduction of tax except where the individual has a bone-fide contract for services or is employed by a recognised staff agency.

### **7.6.3 Expenses and Allowances**

- 7.6.3.1 The Director for Human Resources and Organisational Development is responsible for the payment of certified expense claims submitted by employees that are made in accordance with HR policies.
- 7.6.3.2 Directors are responsible for authorising expenses and allowances in accordance with HR policies.
- 7.6.3.3 The Director for Human Resources and Organisational Development will ensure that taxable allowances and benefits are accounted for, recorded and returned, where appropriate, to HM Revenue and Customs. Details of any employee benefits in kind must be notified to the Director for Human Resources and Organisational Development to enable full and complete reporting within the income tax self-assessment system.
- 7.6.3.4 Due consideration should be given to tax implications, ensuring that advice is sought, and the Section 151 Officer is informed where appropriate.

### **7.6.4 Ex-gratia Payments**

- 7.6.4.1 Ex-gratia payments are one-off payments made to an employee or former employee as a gesture of goodwill, and not because there is a legal or contractual obligation to do so. They include compromise and other payments made for loss of office.
- 7.6.4.2 Ex-gratia payments can be made to employees or former employees subject to obtaining relevant approval in accordance with HR policies and in consultation with the Section 151 Officer.

## **7.7 Payments of Allowances to Members**

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- 7.7.1 The Director of Legal and Democratic Services is responsible for the payment of allowances to Members. The Director of Legal and Democratic Services is also responsible for the timely provision of information, and the maintenance of sound financial controls, to allow the Section 151 Officer to meet their responsibilities in connection with Members Allowances.

### **7.8 In the event of an Emergency**

- 7.8.1 In the event of an emergency or incident in the Borough that requires the Council to incur expenditure to discharge its responsibilities under relevant legislation the Section 151 Officer is authorised to agree a supplementary estimate of expenditure following consultation with the Leader of the Council or a Portfolio Holder nominated by the Leader.
- 7.8.2 Where officers require a cash resource to fund expenditure related to an emergency, they should agree specific arrangements with the Section 151 Officer, in accordance with Part 8 paragraph 2.2.3 of the Council's Constitution or the Portfolio Holder as appropriate.

### **7.9 Transparency**

- 7.9.1 To provide transparency in its stewardship of public funds the Council makes information available to the public in relation to its spending, regardless of value, consistent with requirements set out under 'Openness of Local Government Bodies regulations (2014)'. Monthly payment transactions made are available to download via the Council's website.

## **8. Financial Systems and Procedures**

### **8.1 Introduction**

- 8.1.1 Sound systems and procedures are essential to an effective framework of accountability and control.

### **8.2 General**

- 8.2.1 The Section 151 Officer is responsible for the operation of the Council's General Ledger and its accounting systems, the form of accounts and the supporting financial records. Any changes required by Service Directors to the existing financial feeder systems or the proposed implementation of new systems that will impact on the General Ledger and financial records must be approved by the Section 151 Officer.
- 8.2.2 Directors are responsible for the proper operation of financial processes in their departments.
- 8.2.3 Any changes to agreed procedures by Directors to meet their own specific service needs must be agreed with the Section 151 Officer.
- 8.2.4 Directors should ensure that their staff receive relevant financial training, which will be delivered through Financial Services.

### **8.3 Financial Systems**

#### **8.3.1 Overall Arrangements**

- 8.3.1.1 The Section 151 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. They 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.
- 8.3.1.2 The Section 151 Officer is responsible for determining the accounting systems, form of accounts and supporting financial records and for the approval of new financial systems and changes to existing systems.
- 8.3.1.3 The Section 151 Officer is responsible for ensuring that processes with financial implications are documented and staff are trained in their operation.

### **8.3.2 Accounting Records**

8.3.2.1 Directors are responsible for having arrangements in place to ensure that:

- accounting records and documentation supporting accounting entries are properly maintained and held securely;
- vouchers and documents with financial implications are not destroyed, except in accordance with arrangements approved by the Section 151 Officer; and
- a complete audit trail, allowing financial transactions to be traced from the accounting records to the original document, and vice versa, is maintained.

### **8.3.3 Controls Over the Operation of Financial Systems**

8.3.3.1 Directors are responsible for ensuring that there are controls in place to ensure that:

- all input is bona fides, complete, accurate, timely and not previously processed;
- all processing is carried out in an accurate, complete and timely manner;
- output from the system is complete, accurate and timely;
- the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other irregularities; and
- data produced for transfer to the Council's main accounting system is in a form suitable for the purpose, as specified by the Section 151 Officer.

### **8.3.4 Business Continuity**

8.3.4.1 The Section 151 Officer is responsible for ensuring that:

- there is a documented and tested disaster recovery plan for each significant finance related IT system managed by the Finance and Customer and Transaction services (e.g. Unit 4, Ash (corporate debtors system) etc...), to allow information system processing to resume quickly in the event of an interruption; and
- effective contingency arrangements, including back-up procedures, exist for those computer systems.

## **8.4 Leasing and Financing Arrangements**

- 8.4.1 Before entering into any finance or operating lease, or lease rental agreement, or any other financing arrangements the Section 151 Officer will offer advice as to whether the arrangement is financially advantageous to the Council. Directors should not enter into any contractual arrangements until appropriate approval has been sought in accordance with the Council's decision making requirements. Directors should also take appropriate advice from the Director of Legal and Democratic Services.

### **8.5 Taxation**

#### **8.5.1 Overview**

- 8.5.1.1 The Section 151 Officer is responsible for advising Directors, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all other taxation issues that affect the Council.
- 8.5.1.2 The Section 151 Officer is responsible for maintaining the Council's other tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.
- 8.5.1.3 Directors with direct responsibility for finance and Budget Managers are responsible for ensuring that the appropriate controls and procedures are operated within the department or relevant service area in relation to taxation issues.

#### **8.5.2 Accounting for Taxation**

- 8.5.2.1 The Section 151 Officer is responsible for making arrangements for the provision of periodic training on VAT matters to relevant staff.
- 8.5.2.2 Directors are responsible for ensuring that the correct VAT liability is attached to all income due and that the correct VAT treatment is applied to all expenditure. Where clarification of VAT treatment is required, the Section 151 Officer is responsible for ensuring appropriate professional advice is sought.
- 8.5.2.3 Directors are responsible for ensuring that, where construction and maintenance works are undertaken and the construction industry tax deduction rules are to be applied, the contractor fulfils the necessary requirements.
- 8.5.2.4 The Section 151 Officer is responsible for making arrangements

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for the correct treatment of interest payments made by the Council, including deduction of tax where this is appropriate.

### **8.5.3 Returns to Revenue and Customs**

8.5.3.1 The Section 151 Officer is responsible for having arrangements in place for the timely:

- completion monthly returns of VAT inputs and outputs; and
- provision of details to the Revenue and Customs regarding the construction industry tax deduction scheme.

8.5.3.2 The Director of Human Resources and Organisational Development is responsible for having arrangements in place for the timely completion of returns regarding PAYE and National Insurance.

8.5.3.3 Directors must provide the Section 151 Officer and the Director of Human Resources and Organisational Development with prompt responses to requests for information in order to make statutory returns to Revenue and Customs and to enable them to respond to ad hoc questions from Revenue and Customs on behalf of the Council.

### **8.6 Trading Accounts/Business units**

8.6.1 It is the responsibility of the Section 151 Officer to advise on the establishment and operation of statutory trading accounts and business units. Directors are required to seek agreement from Section 151 Officer in order to operate a Trading Account.

## **9. External Arrangements**

### **9.1 Introduction**

- 9.1.1 The Council provides a distinctive leadership role for the community and brings together the contributions of various stakeholders. It must also act to achieve the promotion or improvement of the economic, social or environmental well-being of the Borough.

### **9.2 Partnerships and Other Associated Arrangements**

- 9.2.1 The Cabinet is responsible for approving delegations, including frameworks for Partnerships.
- 9.2.2 The Cabinet can delegate functions – including those relating to Partnerships – to Officers. These are set out in the council's scheme of officer delegations, within the constitution. Where functions are delegated, the Cabinet remains accountable for them to the Council.
- 9.2.3 The Section 151 Officer is responsible for promoting and maintaining the same high standards of conduct with regard to financial administration in Partnerships that apply throughout the Council. The following should be demonstrated in relation to partnership proposals:
- evidence of scheme appraisal for financial viability in both the current and future years;
  - a risk appraisal including a management action schedule and a statement setting out the internal control framework;
  - confirmation of funding streams, the level on contribution and how they have been determined;
  - evidence of the funding agreement, including the treatment of any under or overspending;
  - in the case of partnership arrangement, details of service continuation proposals upon expiry, and
  - evidence of the financial viability of any partners
- 9.2.4 Officers may represent the Council on Partnership and external bodies, in accordance with the Officers Delegations.
- 9.2.5 The Section 151 Officer must ensure that the accounting arrangements to be adopted relating to Partnerships and other associated arrangements are satisfactory. He or she must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. He or

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she must ensure that the financial implications and risks have been fully appraised before agreements are entered into with external bodies.

- 9.2.6 Directors are responsible for ensuring that appropriate approvals and assurances are obtained in accordance with the above before any negotiations are concluded in relation to work with external bodies.
- 9.2.7 Directors are responsible to maintain a register of all partnership and associated arrangements entered into with external bodies and that partnership agreements and arrangements are properly recorded. Where the arrangement is proposed, the Section 151 must be informed of:
- a) details of the agreed audit arrangements;
  - b) the protocol for any disputes;
  - c) the arrangements put in place for the review of inflation and efficiency saving; and
  - d) which assets will be used and who will own them.
- 9.2.8 Where a partnership arrangement includes a pooled budget then the Section 151 Officer must be notified of:
- a) who will be the lead and host authority;
  - b) who will be the pooled budget manager;
  - c) the provisions of the agreement; and
  - d) external funding.
- 9.2.9 The Section 151 Officer is responsible for ensuring that all funding notified by external bodies is received and properly accounted for.

### **9.3 Trust or Charitable Funds**

- 9.3.1 Directors must advise the Section 151 Officer and Director of Legal and Democratic services of all Trust or Charitable funds or assets for which the Council has a responsibility or interest.
- 9.3.2 The Section 151 Officer and Director of Legal and Democratic services must be consulted prior to the disposal of assets related to trust or charitable funds.

## **Section A – Financial Regulations**

- 9.3.3 Directors are responsible for ensuring that charitable or Trust funds or assets are operated within any relevant legislation and the specific requirements for each fund or asset.
- 9.3.4 All trust funds will, wherever possible, be held in the name of the Council. All officers acting as trustees by virtue of their official position shall deposit securities relating to the trust with the Section 151 Officer, unless the deed provides otherwise.
- 9.3.5 Trust funds will be operated within any relevant legislation and the specific requirements for each trust.
- 9.3.6 Where funds are held on behalf of third parties, for their secure administration, written records will be maintained of all transactions.

### **9.4 External Funding**

- 9.4.1 All external funding/ grant applied for, must be approved by the relevant Director and the Section 151 Office via a Gateway 1 form. Acceptance of external funding / grant must then be approved by the relevant Director and the Section 151 Officer via a Gateway 2 form.
- 9.4.2 The Section 151 Officer is responsible for ensuring that all funding notified by external bodies is received and properly accounted for
- 9.4.3 Directors must have necessary spend and budget approvals (in accordance with Officer Delegations, Contract Procedure Rules and Financial Regulations) before they commit to any spending plans.
- 9.4.4 Directors must ensure, where required audit arrangements have been agreed in advance with the Section 151 Officer.

### **9.5 Acting as an Accountable Body for Grants**

- 9.5.1 Directors are responsible for advising the Section 151 Officer of any government grants for which the Council is to be the accountable body and which are to be spent by partnerships. In each case Directors should ensure that authority has been sought in accordance with Officer Delegations and Financial Regulations.
- 9.5.2 Where the Council is the accountable body, Directors are responsible for having arrangements in place to ensure that its responsibilities are properly discharged and both the Council and

any partner are compliant with all grant conditions.

- 9.5.3 Where appropriate for larger multi body arrangements with risks flowing from the terms and conditions of the grant, the relevant Director will be responsible for entering into agreements and memorandums of understanding with the bodies in the arrangement to manage and share those risks appropriately across the bodies to protect the overall position of the Authority as accountable body. These agreements and memorandums of understanding will be entered into in consultation with the S151 Officer and the Monitoring Officer.

### **9.6 Undertaking Work for Third Parties**

- 9.6.1 Directors are responsible for approving the contractual arrangements for any work for third parties or external bodies in line with contract procedure rules.
- 9.6.2 Directors are responsible for consulting the Section 151 Officer and the Head of Legal and Democratic Services on any proposals for the provision of services by the Council to third parties.
- 9.6.3 Directors are responsible for ensuring that services provided to third parties are not subsidised by the Council, the Council has the appropriate expertise and capacity to undertake the contract and that adequate insurance arrangements are made.
- 9.6.4 Appropriate information must be provided to the Section 151 Officer to enable any necessary disclosure of such arrangements in the statement of accounts.

### **9.7 Catastrophic Incident in Greater London: Delegation of Functions**

- 9.7.1 In the event of a catastrophic incident being declared the Section 151 Officer or his/her nominated deputies are authorised to make emergency payments under the London Councils Gold resolution, to be reimbursed by central government.

## Section B – Financial Approval Limits

### **10. Schedule Of Financial Authority to Officers**

#### **10.1 Introduction**

- 10.1.1 The Scheme of Delegation sets out the powers and duties delegated by Members.
- 10.1.2 This Schedule provides further detail and approved financial limits on the decisions made by Cabinet and that delegated to Section 151 Officer and Directors and sits within the context of the wider Constitution and Scheme of Delegation.
- 10.1.3 Changes to the limits/values contained within this Schedule may only be made with the approval of the Section 151 Officer as permitted within the overall Scheme of Delegation.
- 10.1.4 Directors remain accountable for the effective operation of the financial authorities and must:
  - a) Maintain an electronic record of authorised officers.
  - b) Ensure that an appropriate segregation of duties is in operation, e.g., between ordering and paying for goods, between claiming and approving expenses.
  - c) Ensure compliance with the financial limits in this Schedule, Delegated Authorities (in conjunction with the Finance Regulations) and any additional financial restrictions and limitations imposed by the Contracts Procedure (Standing Orders) (e.g., limits relating to waivers, extensions and variations) and HR policies (e.g., limits relating to overtime, allowances, honoraria and expenses).

#### **10.2 Schedule of Financial Approval Limits**

- 10.2.1 Set out below is schedule of financial approval limits (excluding those in relation to the annual revenue budget process) that should be read in conjunction with Officer Delegations, Financial Regulations (Part A of this document), Contract Procedures Rules (Standing Orders) and other internal policies and guidance notes.

**Schedule of Financial Approval Limits (Part B Finance Regulations)-** *should be read in conjunction with Officer Delegations, Financial Regulations (Part A of this document), Contract Procedures Rules (Standing Orders) and other internal policies and guidance notes*

Ref.	Description	Authoriser	Threshold
<b>1. Financial Planning</b>			
<b>1.1 Capital Budget Additions part of Annual Budget Process (applicable to all areas)</b>			
1.1A	<b>New capital schemes</b> to form <b>part of the Annual Budget Process</b>	Council	To approve capital programme annually including additions presented to Cabinet.  <b>Notes</b> <ul style="list-style-type: none"><li>• Recommendation from Cabinet.</li><li>• Formal report to Full Council.</li></ul>
		Cabinet	To approve budget additions in excess of £500k.  <b>Notes</b> <ul style="list-style-type: none"><li>• Based on the gross expenditure or gross income separately.</li><li>• Officers to ensure that all requests for capital additions form part of the annual budget process in order for these to be considered alongside approval of Treasury Management and Capital Strategies.</li><li>• In consultation with Section 151 Officer.</li><li>• Supporting documents completed and provided in accordance with financial instruction.</li><li>• Formal report to Cabinet (MTFS and Budget Strategy report)</li></ul>
		Section 151 Officer (or his / her deputies)	To approve budget additions up to £500k.  <b>Notes</b> <ul style="list-style-type: none"><li>• Based on the gross expenditure or gross income separately.</li><li>• Officers to ensure that all requests for capital additions form part of the annual budget process in order for these to be considered alongside approval of Treasury Management and Capital Strategies.</li><li>• Supporting documents completed and provided in accordance with financial instruction.</li></ul>

**Schedule of Financial Approval Limits (Part B Finance Regulations)-** *should be read in conjunction with Officer Delegations, Financial Regulations (Part A of this document), Contract Procedures Rules (Standing Orders) and other internal policies and guidance notes*

Ref.	Description	Authoriser	Threshold
<b>2. Financial Management</b>			
<b>2.1 Virements - Revenue (applicable to all areas)</b>			
2.1A	Budget Changes <b>within own Directorate and overall approved budget.</b>	Section 151 Officer (or his / her deputies)	<p>To approve virements in excess of £1m</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>• Based on the gross expenditure or gross income separately.</li> <li>• Based on the condition that the affected budgets continue to provide sufficient resource to deliver the intended policy objectives.</li> <li>• Based on the condition that associated policy and expected outcomes for the service areas affected remain unchanged.</li> <li>• Based on the condition that these are consulted with the Finance.</li> <li>• Section 151 Officer to consult with Portfolio Holder for Finance and Portfolio Holder for relevant service areas.</li> <li>• Supporting documents completed and provided in accordance with financial instruction.</li> </ul>
		Executive Director <sup>1</sup>	<p>To approve virements within own Directorate in excess of £500k and up to £1m</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>• Based on the gross expenditure or gross income separately.</li> <li>• Based on the condition that the affected budgets continue to provide sufficient resource to deliver the intended policy objectives.</li> <li>• Based on the condition that the associated policy and expected outcomes for the service area affected remain unchanged.</li> <li>• Based on the condition that the Executive Director, with the agreement of the Section 151 Officer, only transfers between Budget Managers as part of a reorganisation or other changes in responsibility.</li> <li>• Based on the condition that these are consulted with Section 151 Officer.</li> <li>• Supporting documents completed and provided in accordance with financial instruction.</li> </ul>

<sup>1</sup> For Chief Executive Directorate this can be either the Chief Executive or the Chief Finance Officer

**Schedule of Financial Approval Limits (Part B Finance Regulations)-** *should be read in conjunction with Officer Delegations, Financial Regulations (Part A of this document), Contract Procedures Rules (Standing Orders) and other internal policies and guidance notes*

Ref.	Description	Authoriser	Threshold
		Director or Assistant Director (only where reporting directly to an ED)	<p>To approve virements within own service area in excess of £100k and up to £500k</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>Based on the gross expenditure or gross income separately.</li> <li>Based on the condition that the affected budgets continue to provide sufficient resource to deliver the intended policy objectives.</li> <li>Based on the condition that the associated policy and expected outcomes for the service areas affected remain unchanged.</li> <li>Based on the condition that these are consulted with Section 151 Officer.</li> <li>Supporting documents completed and provided in accordance with financial instruction.</li> </ul>
		Budget Manager	<p>To approve virements within own service area up to £100k</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>Based on the gross expenditure or gross income separately.</li> <li>Based on the condition that associated policy and expected outcomes for the service areas affected remain unchanged.</li> <li>Based on the condition that the Budget Manager consult with Finance.</li> <li>Supporting documents completed and provided in accordance with financial instruction.</li> </ul>
2.1B	Budget Changes <b>Between Directorates and/or Portfolio Holders</b>	Section 151 Officer and Portfolio Holder for each impacted area	<p>To approve virements in excess of £5m</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>Based on the gross expenditure or gross income separately.</li> <li>Based on the condition that associated policy and expected outcomes for the service areas affected remain unchanged.</li> <li>On condition that Executive Directors or Directors consult with the Section 151 Officer.</li> <li>Supporting documents completed and provided in accordance with financial instruction.</li> </ul>
		Section 151 Officer (or his / her deputies)	<p>To approve virements in excess of £1m and up to £5m</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>Based on the gross expenditure or gross income separately.</li> <li>Based on the condition that associated policy and expected outcomes for the service areas affected remain unchanged.</li> </ul>

**Schedule of Financial Approval Limits (Part B Finance Regulations)-** *should be read in conjunction with Officer Delegations, Financial Regulations (Part A of this document), Contract Procedures Rules (Standing Orders) and other internal policies and guidance notes*

Ref.	Description	Authoriser	Threshold
			<ul style="list-style-type: none"> <li>Supporting documents completed and provided in accordance with financial instruction.</li> </ul>
		Executive Director <sup>2</sup> for each impacted area	<p>To approve virements up to £1m</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>Based on the gross expenditure or gross income separately.</li> <li>Based on the condition that these are consulted with Section 151 Officer.</li> <li>Supporting documents completed and provided in accordance with financial instruction.</li> </ul>
2.1C	<b>Technical</b> Budget Changes	Section 151 Officer (or his / her deputies)	<p>Decision to Any Limit</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>Where these have a net nil impact on overall approved budget for the Council.</li> <li>Changes made to reflect approved Budget Strategy e.g. growth, inflation etc...</li> <li>Realignment of budgets and any other adjustments which do not change the overall approved budget for the Council e.g. accounting changes etc...</li> <li>Based on the condition that the affected budgets continue to provide sufficient resource to deliver the intended policy objectives</li> <li>Supporting documents completed and provided in accordance with financial instruction.</li> </ul>

<sup>2</sup> For Chief Executive Directorate this can be either the Chief Executive or the Chief Finance Officer

**Schedule of Financial Approval Limits (Part B Finance Regulations)-** *should be read in conjunction with Officer Delegations, Financial Regulations (Part A of this document), Contract Procedures Rules (Standing Orders) and other internal policies and guidance notes*

Ref.	Description	Authoriser	Threshold
<b>2.2 Virements - Approved Individual Capital Schemes (applicable to all areas)</b>			
2.2A	<b>Individual Capital Scheme</b> change where within the overall spending limits and approved budget and <b>does not change approved purpose.</b>	Portfolio Holder	<p>To approve virements in excess of £5m</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>• Based on the gross expenditure or gross income separately.</li> <li>• Based on the condition that the affected budgets continue to provide sufficient resource to deliver the intended policy objectives and approved purpose.</li> <li>• Based on the condition that there is no impact on the approved Treasury Management and Capital Strategies.</li> <li>• Based on the condition that the budget changes have no impact on the approved borrowing limits.</li> <li>• On condition that Section 151 Officer has been consulted.</li> <li>• Supporting documents completed and provided in accordance with financial instruction.</li> </ul>
		Section 151 Officer (or his / her deputies)	<p>To approve virements between £500k and up to £5m</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>• Based on the gross expenditure or gross income separately.</li> <li>• Based on the condition that the affected budgets continue to provide sufficient resource to deliver the intended policy objectives and approved purpose.</li> <li>• Based on the condition that there is no impact on the approved Treasury Management and Capital Strategies.</li> <li>• Based on the condition that the budget changes have no impact on the approved borrowing limits.</li> <li>• Following consultation with Finance.</li> <li>• Supporting documents completed and provided in accordance with financial instruction.</li> </ul>

**Schedule of Financial Approval Limits (Part B Finance Regulations)-** *should be read in conjunction with Officer Delegations, Financial Regulations (Part A of this document), Contract Procedures Rules (Standing Orders) and other internal policies and guidance notes*

Ref.	Description	Authoriser	Threshold
		Executive Director <sup>3</sup>	<p>To approve virements up to £500k</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>Based on the gross expenditure or gross income separately.</li> <li>Based on the condition that the affected budgets continue to provide sufficient resource to deliver the intended policy objectives and approved purpose.</li> <li>Based on the condition that there is no impact on the approved Treasury Management and Capital Strategies.</li> <li>Based on the condition that the budget changes has no impact on the approved borrowing limits.</li> <li>Following consultation with Section 151 Officer.</li> <li>Supporting documents completed and provided in accordance with financial instruction.</li> </ul>
2.2B	<b>Individual Capital Scheme</b> change where within the overall spending limits and approved budget but <b>changes the approved purpose.</b>	Cabinet	<p>To approve budget changes in excess of £500k or where it is constituted as being a Key Decision in accordance with Officer Delegations.</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>Based on the gross expenditure or gross income separately.</li> <li>Based on the condition that the budget virement will change the approved purpose.</li> <li>Following consultation with Section 151 Officer.</li> <li>Formal report to cabinet with finance comments (key decision report)</li> </ul>
		Section 151 Officer and Portfolio Holder	<p>To approve budget changes up to £500k or where it is not constituted as being a Key Decisions.</p> <p><b>Notes</b></p> <p>Based on the gross expenditure or gross income separately.</p> <ul style="list-style-type: none"> <li>Based on the condition that the budget virement will change the approved purpose.</li> <li>Following consultation with the Section 151 Officer and the Portfolio Holder for Finance.</li> <li>Formal report (Officer decision report) and supporting documents in accordance with financial instruction.</li> </ul>

<sup>3</sup> For Chief Executive Directorate this can be either the Chief Executive or the Chief Finance Officer

**Schedule of Financial Approval Limits (Part B Finance Regulations)-** *should be read in conjunction with Officer Delegations, Financial Regulations (Part A of this document), Contract Procedures Rules (Standing Orders) and other internal policies and guidance notes*

Ref.	Description	Authoriser	Threshold
2.2C	<b>Individual Capital Scheme Slippage</b> and/or <b>Acceleration</b>	Cabinet	<p>To approve any re-profiling of individual capital scheme (approved budget) between current and future years in excess of £1m.</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>Based on the gross expenditure or gross income separately.</li> <li>Following consultation with Section 151 Officer, Executive Directors and Portfolio Holder for Finance.</li> <li>Formal report to cabinet (forms part of the finance budget update reports)</li> </ul>
		Section 151 Officer (or his / her deputies)	<p>To approve any re-profiling of individual capital scheme (approved budget) between current and future years up to £1m.</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>Based on the gross expenditure or gross income separately.</li> <li>Supporting documents completed and provided in accordance with financial instruction.</li> </ul>
2.2D	<b>Technical</b> Budget Changes	Section 151 Officer (or his / her deputies)	<p>Decision to Any Limit</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>Where these have a net nil impact on overall approved budget for the Council.</li> <li>To approve the application and drawing of financing in line with overall strategies approved by Cabinet and Council.</li> <li>Changes reflective of decisions approved by Full Council, Cabinet or Portfolio Holders.</li> <li>Other technical adjustments which do not change the overall approved budget for the Council e.g. accounting changes, financing etc...</li> <li>Supporting documents completed and provided in accordance with financial instruction.</li> </ul>
<b>2.3 Revenue Budget Additions Outside of the Annual Budget Process (applicable to all areas)</b>			
2.3A	Budget Addition <b>relating to a new planned activity or service delivery</b>	Cabinet	<p>To approve budget changes in excess of £500k or where it is constituted as being a Key Decision in accordance with Officer Delegations.</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>Requires consultation with Section 151 Officer.</li> <li>Where there is a net nil impact on the budget.</li> </ul>

**Schedule of Financial Approval Limits (Part B Finance Regulations)-** *should be read in conjunction with Officer Delegations, Financial Regulations (Part A of this document), Contract Procedures Rules (Standing Orders) and other internal policies and guidance notes*

Ref.	Description	Authoriser	Threshold
			<ul style="list-style-type: none"> <li>Based on the gross expenditure or gross income separately.</li> <li>On condition that insurance requirements and impact has been considered.</li> <li>Formal report to cabinet with finance comments (key decision report).</li> </ul>
		Section 151 Officer (or his / her deputies)	<p>To approve budget changes up to £500k (where it is not a key decision)</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>Based on the gross expenditure or gross income separately.</li> <li>Where there is a net nil impact on the budget.</li> <li>Based on condition that Executive Directors having consulted with Portfolio Holder(s).</li> <li>On condition that insurance requirements and impact has been considered.</li> <li>Consultation with Finance.</li> <li>Formal report to Section 151 Officer (Officer decision report).</li> <li>Supporting documents completed and provided in accordance with financial instruction.</li> </ul>
<b>2.4 Capital Budget Additions Outside of the Annual Budget Process (applicable to all areas)</b>			
2.4A	<b>New capital schemes outside of the Annual Budget Process with no impact on Revenue</b>	Cabinet	<p>To approve budget additions in excess of £500k.</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>Based on the gross expenditure or gross income separately.</li> <li>Officers to consult with Section 151 Officer.</li> <li>Based on condition that Section 151 Officer has approved detail financial business case.</li> <li>Based on condition that this does not impact approved Treasury Management and Capital Strategy and has an impact on the revenue budget.</li> <li>On condition insurance requirements and impact has been considered.</li> <li>Supporting documents completed and provided in accordance with financial instruction.</li> <li>Formal report to cabinet.</li> </ul>
		Section 151 Officer (or his / her deputies)	<p>To approve budget additions up to £500k.</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>Based on the gross expenditure or gross income separately.</li> <li>Officers to consult with Section 151 Officer.</li> <li>Based on approval of detail financial business case.</li> </ul>

**Schedule of Financial Approval Limits (Part B Finance Regulations)-** *should be read in conjunction with Officer Delegations, Financial Regulations (Part A of this document), Contract Procedures Rules (Standing Orders) and other internal policies and guidance notes*

Ref.	Description	Authoriser	Threshold
			<ul style="list-style-type: none"> <li>Based on condition that this does not impact approved Treasury Management and Capital Strategy and has an impact on the revenue budget.</li> <li>On condition insurance requirements and impact has been considered.</li> <li>Supporting documents completed and provided in accordance with financial instruction.</li> </ul>
2.4B	<b>New capital schemes outside of the Annual Budget Process with an impact on Revenue</b>	Council	<p>Only applicable where changes to Treasury Management and Capital Strategies for any new capital scheme or capital budget addition has an impact on any approved borrowing limits.</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>Recommendation from cabinet and/or Section 151 Officer on any impact on Treasury Management and Capital Strategies and approved borrowing limits.</li> <li>Based on approval of detail financial business case by Section 151 Officer.</li> <li>On condition insurance requirements and impact has been considered.</li> <li>Formal report to Full Council.</li> </ul>
		Cabinet	<p>To approve capital budget additions in excess of £500k where there is no impact on Treasury Management and Capital Strategies or approved borrowing limits.</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>Based on the gross expenditure or gross income separately.</li> <li>Officers to consult with Section 151 Officer.</li> <li>Based on approval of detail financial business case by Section 151 Officer.</li> <li>On condition insurance requirements and impact has been considered.</li> <li>Supporting documents completed and provided in accordance with financial instruction.</li> <li>Formal report to Cabinet.</li> </ul>
		Section 151 Officer (or his / her deputies)	<p>To approve capital budget additions up to £500k where there is no impact on Treasury Management and Capital Strategies or approved borrowing limits.</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>Based on the gross expenditure or gross income separately.</li> <li>Officers to consult with Section 151 Officer.</li> <li>Based on approval of detail financial business case approved by Finance.</li> <li>On condition insurance requirements and impact has been considered.</li> <li>Supporting documents completed and provided in accordance with financial instruction.</li> </ul>

**Schedule of Financial Approval Limits (Part B Finance Regulations)-** *should be read in conjunction with Officer Delegations, Financial Regulations (Part A of this document), Contract Procedures Rules (Standing Orders) and other internal policies and guidance notes*

Ref.	Description	Authoriser	Threshold
2.5 Capital Programme Forecast Over/Under spends			
2.5A	Any forecasted overspends	Cabinet	In Excess of £500k  <b>Note</b> <ul style="list-style-type: none"><li>Any overspends must be contained within the overall Capital Programme and reported to the Section 151 Officer, Portfolio Holder for Finance and Portfolio Holder for relevant service area.</li><li>Executive Directors must explore all options in managing and mitigating the pressure.</li><li>Supporting documents completed and provided in accordance with financial instruction.</li></ul>
		Section 151 Officer (or his / her deputies)	Up to £500k  <b>Note</b> <ul style="list-style-type: none"><li>Any overspends must be contained within the overall Capital Programme.</li><li>Executive Directors must explore all options in managing and mitigating the pressure.</li><li>Supporting documents completed and provided in accordance with financial instruction.</li></ul>
2.5B	Any forecasted underspends (e.g. decommissioning)	Cabinet	In Excess of £500k  <b>Note</b> <ul style="list-style-type: none"><li>Following consultation with Section 151 Officer, Portfolio Holder for Finance and Portfolio Holder for relevant service area.</li><li>Supporting documents completed and provided in accordance with financial instruction.</li></ul>
		Section 151 Officer (or his / her deputies)	Up to £500k  <b>Note</b> <ul style="list-style-type: none"><li>Officers to consult with Finance.</li><li>Supporting documents completed and provided in accordance with financial instruction.</li></ul>
2.6 Financial Year-End Balances (applicable to all areas)			
2.6A	Treatment of Financial Year End Balances	Section 151 Officer (or his / her deputies)	Any Value

**Schedule of Financial Approval Limits (Part B Finance Regulations)-** *should be read in conjunction with Officer Delegations, Financial Regulations (Part A of this document), Contract Procedures Rules (Standing Orders) and other internal policies and guidance notes*

Ref.	Description	Authoriser	Threshold
<b>2.7 Reserves and Balances (applicable to all areas)</b>			
2.7A	Drawdown from and Contribution to Reserves and Balances	Section 151 Officer (or his / her deputies)	<p>To approve any value.</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>Officers to put forward request to drawdown from and/or contribute to reserves for consideration by Section 151 Officer.</li> <li>Supporting documents completed and provided in accordance with financial instruction.</li> </ul>
2.7B	New Reserve and Balances Request	Section 151 Officer (or his / her deputies)	<p>To approve any value.</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>Officers to put forward business case in accordance with financial instructions to be considered by Section 151 Officer.</li> </ul>
2.7C	Movement between reserves	Section 151 Officer (or his / her deputies)	To approve any value.
2.7D	Any permanent ongoing contribution to reserves funded from the revenue accounts.	Council	Recommended by Cabinet
		Cabinet	<p>To review and recommend to Full Council for approval</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>This should be considered and recommended as part of robustness and adequacy of reserves balances within the annual budget report.</li> <li>Recommendations made based on advice of Section 151 Officer.</li> <li>Formal Report (MTFS and Budget Strategy report)</li> </ul>

**Schedule of Financial Approval Limits (Part B Finance Regulations)-** *should be read in conjunction with Officer Delegations, Financial Regulations (Part A of this document), Contract Procedures Rules (Standing Orders) and other internal policies and guidance notes*

Ref.	Description	Authoriser	Threshold
<b>3. Risk Management and Internal Controls</b>			
<b>3.1 Insurance</b>			
3.1A	Independent actuary valuation of Insurance reserves and provision levels.	Section 151 Officer (or his / her deputies)	<p>To approve any value.</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>Independent actuary valuation to be undertaken at least every 3 years</li> </ul>
<b>4. Control of Resources</b>			
<b>4.1 Assets</b>			
4.1A	Asset Disposals - Land and Property	Cabinet	<p>To approve asset disposals (land and property) in excess of £1.5m</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>Director of Growth and Sustainability is responsible for all disposals of land and property and for identifying any revenue implications arising from the sale of assets, in consultation with the Section 151 Officer.</li> <li>Best price is obtained.</li> <li>When disposing of assets Directors must obtain the approval from the Section 151 Officer of the Functions Delegated to Officers within the Officer Delegated Powers.</li> <li>Formal Report to Cabinet</li> </ul>

**Schedule of Financial Approval Limits (Part B Finance Regulations)-** *should be read in conjunction with Officer Delegations, Financial Regulations (Part A of this document), Contract Procedures Rules (Standing Orders) and other internal policies and guidance notes*

Ref.	Description	Authoriser	Threshold
		Portfolio Holder	<p>To approve asset disposals (land and property) between £500k and up to £1.5m</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>• Director of Growth and Sustainability is responsible for all disposals of land and property and for identifying any revenue implications arising from the sale of assets, in consultation with the Section 151 Officer.</li> <li>• Best price is obtained.</li> <li>• When disposing of assets Directors must obtain the approval from the Section 151 Officer of the Functions Delegated to Officers within the Officer Delegated Powers.</li> <li>• Formal Report</li> </ul>
		Director of Growth and Sustainability	<p>To approve asset disposals (land and property) up to £500k</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>• Director of Growth and Sustainability is responsible for all disposals of land and property and for identifying any revenue implications arising from the sale of assets, in consultation with the Section 151 Officer.</li> <li>• Best price is obtained.</li> <li>• When disposing of assets must obtain the approval from the Section 151 Officer of the Functions Delegated to Officers within the Officer Delegated Powers.</li> <li>• Officer Decision Report</li> </ul>
4.1B	Asset Disposals – Non-Land and Property Assets	Section 151 Officer and Portfolio Holder	<p>Individual non-land and property asset disposal in excess of £500k</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>• Supporting documents completed and provided in accordance with financial instruction.</li> <li>• Formal Report</li> </ul>
		Section 151 Officer	<p>Individual non-land and property asset disposal decisions between in excess of £10k and up to £500k</p> <p><b>Notes</b></p> <p>Supporting documents completed and provided in accordance with financial instruction.</p>

**Schedule of Financial Approval Limits (Part B Finance Regulations)-** *should be read in conjunction with Officer Delegations, Financial Regulations (Part A of this document), Contract Procedures Rules (Standing Orders) and other internal policies and guidance notes*

Ref.	Description	Authoriser	Threshold
		Assistant Director for Technical Finance / Strategic Finance / Accountancy	Individual non-land and property asset disposal decisions up to £10k  <b>Notes</b> Supporting documents completed and provided in accordance with financial instruction.
4.1B	Asset Acquisitions - Land and Property	Cabinet	To approve asset acquisitions (land and property) in excess of £1.5m  <b>Notes</b> <ul style="list-style-type: none"> <li>Director of Growth and Sustainability is responsible for all acquisitions of land and property and for identifying any revenue implications arising from the acquisition, financing options in consultation with the Section 151 Officer.</li> <li>Formal Report to Cabinet</li> </ul>
		Director of Growth and Sustainability and Portfolio Holder	To approve asset acquisitions (land and property) up to £1.5m  Notes <ul style="list-style-type: none"> <li>Director of Growth and Sustainability is responsible for all acquisitions of land and property and for identifying any revenue implications arising from the acquisition, financing options, in consultation with the Section 151 Officer.</li> <li>Formal Report</li> </ul>
4.1C	Discrepancies between stock records and physical stock	Directors / Budget Managers	Discrepancies in excess of £10,000  <b>Notes</b> <ul style="list-style-type: none"> <li>Director must investigate and report discrepancies to the Assistant Director of Audit and Investigations.</li> </ul>
<b>4.2 Treasury Management and Pension Fund</b>			
4.2A	Treasury Management Investments and Borrowings	Section 151 Officer (or his / her deputies)	Decisions to any level  <b>Notes</b> <ul style="list-style-type: none"> <li>Ensuring in line with Treasury Management Strategy and any operational limits for external debt and investment (that have been approved by Full Council)</li> <li>Supporting documents completed and provided in accordance with financial instruction.</li> </ul>

**Schedule of Financial Approval Limits (Part B Finance Regulations)-** *should be read in conjunction with Officer Delegations, Financial Regulations (Part A of this document), Contract Procedures Rules (Standing Orders) and other internal policies and guidance notes*

Ref.	Description	Authoriser	Threshold
4.2B	Pension Fund Investments	Section 151 Officer (or his / her deputies)	<p>Implementation of decisions to any level as approved by the Pension Fund Panel</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>• Implementation of decisions in accordance with Pension Fund Strategy (as approved by the Pension Fund Panel)</li> <li>• Supporting documents completed and provided in accordance with financial instruction.</li> </ul>
<b>5. Income and Expenditure (all)</b>			
<b>5.1 Income Collection and Debt Recovery</b>			
5.1.A	Debt Write-Off	Section 151 Officer and Portfolio Holder	<p>Individual debt write-off decisions in excess of £500k</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>• Supporting documents completed and provided in accordance with financial instruction.</li> <li>• Formal Report</li> </ul>
		Section 151 Officer (or his / her deputies)	<p>Individual debt write-off decisions between in excess of £25k and up to £500k</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>• Supporting documents completed and provided in accordance with financial instruction.</li> </ul>
		Assistant Director for Technical Finance / Strategic Finance / Accountancy / Local Taxation and Accounts Receivable	<p>Individual debt write-off decisions between up to £25k</p> <p><b>Notes</b></p> <p>Supporting documents completed and provided in accordance with financial instruction.</p>

**Schedule of Financial Approval Limits (Part B Finance Regulations)-** *should be read in conjunction with Officer Delegations, Financial Regulations (Part A of this document), Contract Procedures Rules (Standing Orders) and other internal policies and guidance notes*

Ref.	Description	Authoriser	Threshold
<b>5.2 Procurement</b>			
5.2A	Contract and Procurement Decisions	Cabinet	<p>Decisions in excess of £5m per annum (annual contract value)</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>• On condition of that the decision has been taken through and approved by Joint Contracts Board.</li> <li>• Where Directors have complied with the Contracts Procedures (Standing Orders).</li> <li>• Supporting documents completed and provided in accordance with financial instruction.</li> <li>• Formal Report to Cabinet.</li> </ul>
		Portfolio Holder	<p>Decisions in up to £5m per annum (annual contract value)</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>• On condition of that the decision has been taken through and approved by Joint Contracts Board.</li> <li>• Where Directors have complied with the Contracts Procedures (Standing Orders).</li> <li>• Supporting documents completed and provided in accordance with financial instruction</li> <li>• Formal Report (ICMD).</li> </ul>
		Director	<p>Decisions in up to £500k per annum (annual contract value)</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>• On condition of that the decision has been taken through and approved by Joint Contracts Board.</li> <li>• Where Directors have complied with the Contracts Procedures (Standing Orders).</li> <li>• Supporting documents completed and provided in accordance with financial instruction.</li> <li>• Officer Decision</li> </ul>

**Schedule of Financial Approval Limits (Part B Finance Regulations)-** *should be read in conjunction with Officer Delegations, Financial Regulations (Part A of this document), Contract Procedures Rules (Standing Orders) and other internal policies and guidance notes*

Ref.	Description	Authoriser	Threshold
5.3 Payments			
5.3A	Emergency Payments	Section 151 Officer and Portfolio Holder	Decisions in excess of £500k  <b>Notes</b> <ul style="list-style-type: none"><li>• In accordance with Officer Delegations and current decision making governance framework</li><li>• Formal Report (ICMD)</li></ul>
		All	Decisions up to £500k  <b>Notes</b> <ul style="list-style-type: none"><li>• In accordance with Officer Delegations and current decision making governance framework</li><li>• On condition that the decision has been consulted with Section 151 Officer.</li><li>• Formal Report (Officer Report)</li></ul>
6. External Arrangements			
6.1 External Funding			
6.1A	Funding Bid Application	Directors / Portfolio Holder	Decisions of any value  <b>Notes</b> <ul style="list-style-type: none"><li>• All external funding/ grant applied for, must be approved by the relevant Director and the Section 151 Office via a Gateway 1 form.</li><li>• Where appropriate Directors should consult with relevant Portfolio Holder</li></ul>

**Schedule of Financial Approval Limits (Part B Finance Regulations)-** *should be read in conjunction with Officer Delegations, Financial Regulations (Part A of this document), Contract Procedures Rules (Standing Orders) and other internal policies and guidance notes*

Ref.	Description	Authoriser	Threshold
6.1B	Funding Bid Approval	Cabinet	<p>To approve revenue budget additions in excess of £5m in relation to one off external funding received for projects, where all costs are fully funded</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>• Acceptance of external funding / grant must then be approved by the relevant Director and the Section 151 Officer via a Gateway 2 form.</li> <li>• Based on the gross expenditure or gross income separately.</li> <li>• Where there is a net nil impact on the budget</li> <li>• Based on consultation with Section 151 Officer and Portfolio Holder(s).</li> <li>• Officers to ensure that where a new planned activity is recommended to Cabinet for approval as a key decision, that the appropriate approval is sought for the resulting virement.</li> <li>• Supporting documents completed and provided in accordance with financial instruction.</li> </ul>
		Portfolio Holder	<p>To approve revenue budget additions between £4m and up to £5m in relation to one off external funding received for projects, where all costs are fully funded</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>• Acceptance of external funding / grant must then be approved by the relevant Director, Section 151 Officer and Director Legal and Democratic Service via a Gateway 2 form.</li> <li>• Based on the gross expenditure or gross income separately.</li> <li>• Where there is a net nil impact on the budget</li> <li>• Based on consultation with Section 151 Officer and Director Legal and Democratic Service.</li> <li>• Officers to ensure that where a new planned activity is recommended to Cabinet for approval as a key decision, that the appropriate approval is sought for the resulting virement.</li> <li>• Supporting documents completed and provided in accordance with financial instruction.</li> <li>• Formal Report (ICMD)</li> </ul>
		Section 151 Officer (or his / her deputies)	<p>To approve revenue budget additions between £1m and up to £4m in relation to one off external funding received for projects, where all costs are fully funded</p> <p><b>Notes</b></p>

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Ref.	Description	Authoriser	Threshold
			<ul style="list-style-type: none"> <li>Acceptance of external funding / grant must then be approved by the relevant Executive Director, Section 151 Officer and Director Legal and Democratic Service via a Gateway 2 form.</li> <li>Based on the gross expenditure or gross income separately.</li> <li>Where there is a net nil impact on the budget</li> <li>Based on Executive Directors having consulted with relevant Portfolio Holders and where appropriate Director Legal and Democratic Service.</li> <li>Supporting documents completed and provided in accordance with financial instruction.</li> </ul>
		Executive Director	<p>To approve revenue budget additions between £500k and up to £1m in relation to one off external funding received for projects, where all costs are fully funded</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>Acceptance of external funding / grant must then be approved by the relevant Executive Director, Section 151 Officer and Director Legal and Democratic Services via a Gateway 2 form.</li> <li>Based on the gross expenditure or gross income separately.</li> <li>Where there is a net nil impact on the budget</li> <li>Based on Executive Directors having consulted with relevant Portfolio Holders.</li> <li>Based on Executive Directors consulting Section 151 Officer and Director Legal and Democratic Services.</li> <li>Supporting documents completed and provided in accordance with financial instruction.</li> </ul>

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Ref.	Description	Authoriser	Threshold
		Director or Assistant Director (only where reporting directly to ED)	<p>To approve revenue budget additions up to £500k in relation to one off external funding received for projects, where all costs are fully funded</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>• Acceptance of external funding / grant must then be approved by the relevant Executive Director, Section 151 Officer and Director Legal and Democratic Services via a Gateway 2 form Based on the gross expenditure or gross income separately.</li> <li>• Where there is a net nil impact on the budget</li> <li>• Based on Directors having consulted with Portfolio Holders.</li> <li>• Based on Executive Directors consulting Section 151 Officer and Director Legal and Democratic Services.</li> <li>• Supporting documents completed and provided in accordance with financial instruction.</li> </ul>