



**West  
Northamptonshire  
Council**

# CONSTITUTION

# Constitution Index

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# 9.6 Contract Procedure Rules

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## **Part 1 – Introduction, Scope and Responsibilities**

### **1. Introduction**

- 1.1. These Rules are part of the Council's Constitution and apply to all procurement activities (the purchase of goods, services and works) undertaken by the Council. They must be read in conjunction with any other relevant laws, regulations, policies and/or procedures.
- 1.2. Anyone making procurement decisions on behalf of the Council must be familiar with these Rules.
- 1.3. These Rules are required by law and failure to comply with them could lead to disciplinary action. Officers have a duty to report breaches of these Rules to their line manager and/or the Monitoring Officer.
- 1.4. Any change to English or European law must be observed until these Rules are revised. If there is any conflict between these Rules and English or European law, the legislation shall take precedence. The Council also reserves the right to consider the application of intervening government guidance when making decisions about the application of these Rules.

### **2. Basic Principles**

- 2.1. Whether or not a procurement is subject to the UK Procurement Regulations, it must be conducted in accordance with the Agreement on Government Procurement (GPA). This means all procurements must be carried out in a fair, open and transparent way.
- 2.2. These Rules are designed to ensure that procurements:
  - Achieve Value for Money for public money spent;
  - Are consistent with the highest standards of integrity;
  - Ensure fairness and transparency;
  - Ensure that the Council complies with all legal requirements and established government and commercial codes of conduct;
  - Comply with the Council's associated policies;
  - Manage the Council's risk effectively;
  - Are proportionate in regard to value and risk; and
  - Ensure that non-commercial considerations e.g. prior knowledge of contractors do not influence any contracting decision.

### **3. Advice and Guidance**

- 3.1. It is a mandatory requirement that advice and guidance on all procurement activities equal to and above £100,000 must be sought, in the first instance, from the Purchasing Gateway Group (PGG).
- 3.2. Notwithstanding 3.1 above, advice and guidance can be obtained from the PGG by any Officer who wishes to participate in a procurement activity of any value.
- 3.3. Advice on compliance with legislative requirements may be obtained from the Director of Legal and Democratic who will liaise with the Head of Procurement as necessary.



## **4. Responsibilities**

### **4.1. Chief Officers**

- 4.1.1. Chief Officers are responsible for all procurement activity in their Directorates. They must ensure sufficient oversight and governance is in place to satisfy themselves of compliance with these Rules;
- 4.1.2. Chief Officers must ensure that procurement activities are undertaken by authorised Officers who can demonstrate knowledge and understanding of these Rules and have the skills appropriate to the task.
- 4.1.3. Chief Officers must ensure that:
  - a. staff within their Directorates are adequately trained and that their procurements are in compliance with these Rules;
  - b. they have in place a scheme of delegation that records in writing what action Officers in their Directorates are authorised to take under these Rules;
  - c. there is full budgetary provision for the contract and that the sources of funding are fully detailed before starting the procurement process;
  - d. Value for Money is achieved in all procurements within their Directorates;
  - e. They keep a register of contracts completed by signature (rather than by the Council's Seal) within their Directorate and arrange for their safe keeping; and
  - f. They maintain records of all waivers or exemptions of these Rules.

### **4.2. Officers**

- 4.2.1. The Officer responsible for the procurement must comply with these Rules, the Financial Regulations and English or European Legislation;
- 4.2.2. The Officer is responsible for ensuring that agents acting on behalf of the Council agree in writing that they will also comply with these Rules;
- 4.2.3. Officers must keep records of all Quotations, Tender documentation and contracts, including those documents relating to unsuccessful bids and quotes in accordance with the relevant legislation and the Council's policy on the retention of documents;
- 4.2.4. Officers must ensure that the contracts for which they are responsible are effectively managed and monitored to ensure that they deliver the requirement as intended;
- 4.2.5. When any employee of the Council or of an external service provider may be affected by the transfer arrangement, the Officer must ensure that TUPE issues are considered and obtain advice from Director of Legal and Democratic before proceeding with any procurement;
- 4.2.6. Where an Officer has a potential conflict of interest with a Supplier from whom a Quotation/ Tender is being sought, the Officer must declare this

immediately to the Monitoring Officer. The Officer may be required to withdraw from the procurement process;

- 4.2.7. Any Officer who fails to declare a conflict of interest may be subject to disciplinary proceedings and sanctions and risks being prosecuted under the Bribery Act 2010; and
- 4.2.8. Officers must ensure that no contract commences without a purchase order being raised for the goods, services and/or works in accordance with the provisions detailed in the Financial Procedure Rules.

## **5. Amendments to these Rules**

- 5.1. The Monitoring Officer in consultation with the Head of Procurement shall have the power to make incidental amendments from time to time to these Rules, to ensure that they remain consistent with legislation, the Council's organisational structure and generally with best practice.

## **6. Exemptions to the Rules**

- 6.1. These Rules do not apply to the following transactions:

- 6.1.1. Any contracts entered through collaboration with another contracting authority and/or public body, where the person awarding the contract (the lead authority) can demonstrate the arrangements comply with the requirements for Value for Money and other applicable legislation, including where relevant UK Procurement Regulations;
- 6.1.2. Employment contracts;
- 6.1.3. Land transactions to acquire or dispose of some interest in land;
- 6.1.4. Lending or borrowing of money; and
- 6.1.5. For existing goods, services or works where there is no genuine satisfactory alternative available such as public utility infrastructure providers, e.g. Gas mains, sewage and water supply.

## **7. Exceptions for Care Placements**

- 7.1. Exceptions are granted for Adult Social Care and Children Care Placements when underpinned by the following tiered placing of contractual arrangements. This must be approved by the Chief Officer of the relevant Directorate:

- 7.1.1. Tier 1: Placements from Block Contracts – when a Supplier is procured with guaranteed service levels and pre-agreed prices;

- 7.1.2. Tier 2: Placements made from a Dynamic Purchasing System (DPS) or Framework Agreement – must contain fixed or average rates. Tier 2 is utilised only when Tier 1 is unable to meet the required needs; or
- 7.1.3. Tier 3: Spot Placements – may be awarded when the required needs cannot be met by Tier 1 or Tier 2 and if the placement is urgent, complex and unique to the receiver of the care. Tier 3 Placements must be reviewed by the Chief Officer and will form part of a quarterly report to the relevant Member detailing the following:
  - a. The nature, extent and value of spot contracts entered into in the previous quarter;
  - b. The specific rationale for utilising Rule 7.1; and
  - c. Append a summary of the previous instances where this Rule is used in the current financial year.

## **8. Requesting A Waiver from these Rules**

- 8.1. Subject to the UK Procurement Regulations and any other relevant legislation, an Officer may seek a waiver where they are unable to comply with these Rules.
- 8.2. Officers must follow the procedure for obtaining a waiver detailed in Appendix 3.
- 8.3. A waiver will only be granted in exceptional or unavoidable circumstances. Lack of appropriate planning will not be considered as sufficient justification to be granted a waiver.
- 8.4. In cases of emergency and where there is a significant risk of danger to life, or damage to property or a major impact on the Council or its service users, the Monitoring Officer, or their nominated deputy may choose to waive these Rules.
- 8.5. Where a waiver is to be used, the waiver must be formally completed and signed prior to entering into any contract for goods, services and/or works.

## **9. Prevention of Corruption and Conflict of Interest**

- 9.1. The Officer responsible for the procurement must comply with the Council's Code of Conduct and must not invite or accept any gift or reward in respect of the award or performance of any contract.
- 9.2. Where Officers wish to report a potential instance of fraud or corruption, they must refer to the Council's Whistleblowing Policy on the appropriate way to do so.

- 9.3. Officers must have regard to and comply with the Council's Anti-Fraud and Corruption Policy when undertaking a procurement exercise.
- 9.4. Officers are advised that any inappropriate behaviour that is deemed contrary to the Bribery Act 2010 could result in dismissal and the matter may be reported to the police.

## **10. Recommended Reading**

10.1. It is strongly recommended that Officers and Chief Officers read the following documents in conjunction with these Rules:

- 10.1.1. Financial Procedure Rules;
- 10.1.2. Procurement Best Practice Guide;
- 10.1.3. The Council's policies and processes relevant to the procurement; and
- 10.1.4. Contract Register guidance, system instructions and protocol.

## **Part 2 – Pre-Procurement**

### **1. Competition Requirements**

- 1.1. Officers must establish the Total Value of the procurement for the life of the contract, including any potential extension periods which may be awarded.
- 1.2. Officers shall not sub-divide goods, services and/or works that could reasonably be treated as a single contract to avoid these Rules, thresholds, or any legal requirements.
- 1.3. Based on the Total Value, Quotations or Tenders must then be invited in line with the financial thresholds detailed in Appendix 2.

### **2. Steps Prior to Procurement**

- 2.1. Where a procurement is required, the Officer must establish:
  - 2.1.1. The contract term, this must not exceed four (4) years in total (including any optional extension period(s)) unless otherwise agreed by the Monitoring Officer in advance of the procurement commencing.
  - 2.1.2. The size, scope, term and specification of the goods, services and/or works required;
  - 2.1.3. the duration of the contract that will provide the most economically advantageous outcome for the Council. This decision must be made in advance of the procurement process and done in accordance with these Rules;
  - 2.1.4. That they have the appropriate authority to start the procurement activity under the scheme of delegation;
  - 2.1.5. That they have the relevant budget approval to cover the Total Value of the contract; and
  - 2.1.6. A project plan to allow sufficient time for Bidders to prepare and submit Tenders or Quotations to maximise the opportunity for Value for Money to be achieved.
- 2.2. The Officer must consult Finance, where the procurement is of a specialist nature or poses a new potential risk to the Council to discuss the potential risks to ensure they are adequately mitigated.

### **3. Pre-Tender Market Research and Consultation**

- 3.1. The Officer responsible for the procurement may consult potential Suppliers in general terms about the nature, level and standard of the contract packaging and other relevant matters, provided this does not prejudice any potential Bidder.
- 3.2. The Officer must not adopt any technical advice in the preparation of an Invitation to Tender or Quotations from anyone where this may prejudice the equal treatment of all potential Bidders or distort competition.
- 3.3. Pre-tender consultation with service users on what is being procured is encouraged and is considered good practice to ensure the Specification correctly addresses what is required.
- 3.4. When considering undertaking any of these activities, the Officer must seek advice from the Procurement Team.

#### **4. Public Services (Social Value) Act 2012**

- 4.1. The Public Services (Social Value) Act 2012 requires the Council to consider at the pre-procurement stage:
  - 4.1.1. How the proposed procurement might improve the economic, social, and environmental well-being of the area;
  - 4.1.2. How the Council may act with a view to securing that improvement in conducting the process of the procurement; and
  - 4.1.3. Whether it should undertake any community consultation on the above.
- 4.2. Officers must consult the Procurement Team for advice on specifying requirements under Social Value and how to evaluate this as a part of any bids received.

#### **5. Corporate Contracts and Corporate Frameworks**

- 5.1. The Council has a selection of Corporate Contracts, Frameworks and Dynamic Purchasing Systems (DPSs) created by the Procurement Team for goods, services and works where the prices and terms have been negotiated to achieve Value for Money for the Council as a whole.

- 5.2. Before undertaking a procurement exercise, Officers must check if a Corporate Contract, Framework or DPS exists, and where they do, the Officer must use the relevant contract.
- 5.3. Where the Officer is conducting a collaborative procurement, the Council's sole financial value alone will be the amount the Officer must use to determine the Key Decision threshold.

## **6. Framework Agreements**

- 6.1. Any Officer intending on using an externally let Framework Agreement must ensure that they have approval from the Procurement Team and Director of Legal and Democratic before they call-off any goods, services and/or works from the framework.

## **7. Contracts Reserved for Social Enterprises and Mutuals**

- 7.1. Officers must contact the Procurement Team and Director of Legal and Democratic for advice where they are considering using this procedure.

## **8. Consultants and/or External Subject Matter Experts**

- 8.1. Officers must follow the Council's HR Consultancy policy published on the Council's intranet when considering the appointment of consultants or external subject matter experts to assist in the preparation of procurement documents and/or providing advice throughout the procurement process. The procurement of consultants and/or external subject matter experts must be conducted in accordance with the appropriate procurement rules, as determined by cost threshold.

## **9. Setting up a Dynamic Purchasing System (DPS)**

- 9.1. Officers must contact the Procurement Team and Director of Legal and Democratic for support and advice if they intend to create a DPS.

## **10. Electronic Auctions**

- 10.1. Officers must contact the Procurement Team and Director of Legal and Democratic for support and advice if they intend to enter into an Electronic Auction.

## **11. Concession Contracts**

11.1. The Council may wish to enter into contracts where the Supplier receives payment from a third party, or where the Supplier receives non-monetary benefits. Such contracts must be let in accordance with these Rules and where relevant the Concession Contracts Regulations 2016.

11.2. Officers must contact Director of Legal and Democratic for advice if they intend to enter into such contracts.



## **Part 3 – Procurement Thresholds**

### **1. General Requirements**

- 1.1. Please see Appendix 2 for the procurement thresholds and the process to be followed.

### **2. Purchases over the Regulation Threshold**

- 2.1. All goods, services and/or works over the Regulation Threshold are covered by the Public Contracts Regulations 2015. These Regulations govern the processes for advertising, timetabling and Supplier selection.
- 2.2. The latest thresholds and regulations can be found at the following site <https://www.ojec.com/Thresholds.aspx>.
- 2.3. Officers must consult with the Procurement Team and Director of Legal and Democratic before commencing the procurement or any soft market testing over the Regulation Threshold.
- 2.4. The Officer, in collaboration with the Procurement Team, shall decide the procurement process which is most appropriate (e.g. quotation or another compliant competitive model) where the procurement is identified as falling in the scope of the Light Touch Regime in the Public Contracts Regulations 2015 and is under the Light Touch Regime threshold.

## **Part 4 – Procurement Documents**

### **1. Invitations to Tender and Quotations**

#### 1.1. All Invitations to Tender or Quote must:

- 1.1.1. Clearly specify the goods, services or works that are required. The specification must describe the requirements in sufficient detail to ensure the submission of competitive bids which may easily be compared;
- 1.1.2. Include evaluation methodology, such as the selection and award criteria which details the cost and quality split;
- 1.1.3. Clearly and unambiguously specify the award procedure on which Tenders or Quotations will be evaluated, such as on the most economically advantageous tender;
- 1.1.4. Attach a copy of the contract terms and conditions that will apply;
- 1.1.5. Ensure that the same information is issued to Bidders at the same time and on the same terms; and
- 1.1.6. Any additional information or amendments must be provided to the Bidders on the same basis.

### **2. Local Providers**

- 2.1. For requirements up to £100,000, the Officer must obtain at least one (1) quote from a Local provider.

### **3. Advertising Requirements**

- 3.1. Under these Rules it is not mandatory for procurements valued below £100,000 to be advertised unless the Officer decides that the procurement would benefit from this. If the opportunity is advertised anywhere, it must also be advertised on Contracts Finder.
- 3.2. Procurements over £100,000 must be advertised on Contracts Finder and any other relevant media portal.
- 3.3. Procurements above the Regulation Threshold must be advertised in accordance with the UK Procurement Regulations.
- 3.4. Contracts valued over £5,000 must be recorded on the Contract Register.

#### **4. Submission of Tenders or Quotations**

- 4.1. Bidders must be given sufficient time to prepare and submit a proper Tender or Quotation, consistent with the urgency and complexity of the contract requirements.

#### **5. Late Tenders**

- 5.1. Late Tenders or Tenders that are not submitted in accordance with these Rules will be disqualified unless approved by the Monitoring Officer.

#### **6. Evaluation**

- 6.1. Tenders and Quotations must be evaluated in accordance with the pre-determined evaluation criteria set out in the procurement documents.
- 6.2. The evaluation must be carried out by a panel consisting of the Officer and at least one (1) other officer of appropriate seniority, supported and moderated by the Procurement Team.
- 6.3. If, despite all reasonable efforts having been made to obtain the required minimum number of responses, fewer respond to the Council's requirement, then the procurement may progress with the Bidders who have provided a valid response.
- 6.4. The Officer must keep a record of the efforts made to obtain the minimum number of responses.
- 6.5. The Officer must retain the results of the Tender evaluation.
- 6.6. Officers shall ensure the successful Bidder has any required insurance cover in place before performance of the contract begins, and shall further ensure, at appropriate intervals, that such cover is maintained by the Supplier throughout the contract period.

#### **7. Clarification Procedures**

- 7.1. Officers may ask Bidders for clarifications to any of the details submitted as part of their bid. However, such clarifications must not result in a significant change to the bid or related documentation.

- 7.2. Prior to making any request for clarifications from a Bidder, the Officer must discuss this with the Procurement Team, where the requirement is over £100,000.
- 7.3. Full written records of all clarification decisions must be made and retained by the Officer. These records must be provided to the Procurement Team, where the Procurement Team have led the procurement..

## **8. Notification of Award**

- 8.1. Following contract award the Officer must inform successful and unsuccessful Bidders simultaneously in writing whether or not their bid was successful.
- 8.2. Where the value of the contract is over £25,000 the Officer must also publish an award notice on Contracts Finder.
- 8.3. Where a Tender is subject to the UK Procurement Regulations, the Procurement Team will adhere to the relevant Standstill Period.
- 8.4. If a Bidder requests in writing, a further debrief in relation to the award, the lead Officer is responsible for providing the appropriate response.
- 8.5. Any complaints from unsuccessful Bidders must be provided in writing and Officers must submit these to the Procurement Team for review. The Procurement Team must be notified immediately of any challenge to a procurement process, in order that appropriate action may be taken.

## **9. Legal Challenge**

- 9.1. If there is a formal legal challenge to the award of a contract, then the Officer must notify immediately his or her Chief Officer, Director of Legal and Democratic and the Head of Procurement.

## **Part 5 –Contract Formalities**

### **1. Principals Relevant to Contracts at all Values**

1.1. Every contract must be in writing and must clearly state:

- 1.1.2. The goods, services and/or works to be provided;
- 1.1.3. The start and end date;
- 1.1.4. The agreed programme of delivery;
- 1.1.5. The price and terms of payment;
- 1.1.6. All other terms that are agreed, e.g. insurance;
- 1.1.7. Exit procedures, for when the contract comes to its natural end; and
- 1.1.8. Termination procedures for early termination of the contract including when the Supplier has not fulfilled its contractual obligations.

### **2. Execution of Contracts**

2.1. Contracts let under the UK Procurement Regulations may only be signed/ sealed after the mandatory standstill period has elapsed without any challenge being received.

2.2. Contracts may only be executed by Officers with delegated powers as detailed below:

- 2.2.1. Up to £250,000 shall be in writing signed by the Chief Officer.
- 2.2.2. Over £250,000 but less than £1,000,000 shall be in writing and signed by the appropriate Chief Officer and the s151 Officer
- 2.2.3. £100,000 or over shall be in writing sealed by affixing the Common Seal of the Council and attested by the Director of Legal Services

2.3. If after acceptance of its Tender or Quotation, a Supplier fails, within a reasonable period of time and without reasonable justification, to sign or enter into a formal written contract, the Council reserves the right to withdraw the Supplier from the contract. This decision shall be made by the relevant Chief Officer in consultation with Director of Legal and Democratic.

### **3. Commencement of Contracts**

3.1. No supply of goods, services or works shall commence until all contract documents have been completed.

#### **4. Social Impact Bonds (SIBS)**

4.1. Details of Social Impact Bonds (SIBs) are available through the Executive Director of Finance and his team.

#### **5. Contract Register**

5.1. The Procurement Team will provide access to the Contract Register of current contracts and framework agreements. The Contract Register will be published on the Council's website in accordance with Local Government Transparency Code 2015.

5.2. The Procurement Team will enter any contracts they have led the procurement process for on the Contract Register, however, it is the Officer's responsibility to ensure these details are correct and updated with any changes and/or extensions.

#### **6. Letters of Intent**

6.1. Letters of Intent shall only be used in exceptional circumstances and where approved by the Chief Officer in consultation with Director of Legal and Democratic.

#### **7. Bonds and Parent Company Guarantees**

7.1. A performance bond or parent company guarantee shall be required:

7.1.1. where the Total Value of the contract exceeds £500,000; and/or

7.1.2. where it is proposed to make stage or other payments in advance of receiving the whole of the subject matter of the Contract; and/or

7.1.3. where there is concern about the stability of the Supplier, regardless of value.

7.2. Where a performance bond or parent company guarantee is required this must be clearly stated in the Invitation to Tender or Quotation and must be in place before the contract is completed by the Council.

7.3. Where a bidder or bidders request not using either of these provisions in a procurement process, or the officer can justify the disadvantages of this requirement, they must agree this in writing with the Chief Officer and S151 Officer.

## **Part 6 – Contract Management**

### **1. General Requirements**

- 1.1. During the contract period the Officer must monitor the overall performance of the contract closely to ensure any issues of under-performance are addressed as soon as possible and that the contract remains in-budget.

### **2. Contract Monitoring, Evaluation and Review**

- 2.1. The Procurement Team will provide a high-level contract governance function that can offer a helicopter view of the Councils' contract management to ensure better strategic procurement delivery across the organisation. This is not a substitute for sound contract management and governance by the relevant Officer, but seeks to nurture, support and enhance that function.
- 2.2. The Procurement Team must have sight of the final contract and everything that has been agreed between the Officer and the Supplier. This may include but not be limited to:
  - 2.2.1. Service Level Agreements; and
  - 2.2.2. Key Performance Indicators (KPI's) and/or Key Milestones.
- 2.3. Where the Supplier defaults on the Contract it shall be the duty of the Officer to take appropriate action and, in the case of a significant default, to report any such action to the Chief Officer and Director of Legal and Democratic.
- 2.4. Officers shall ensure that Suppliers maintain adequate insurance for the duration of the contract period and shall verify this at appropriate intervals throughout the term.

### **3. Variations**

- 3.1. Where a variation means that the value of a contract would exceed the relevant Regulation Threshold, or where there is any material change to the contract, the contract must be treated as a new procurement under these Rules.
- 3.2. A change will not be deemed material if the value of the modification is both below the Regulation Threshold and below 10% of the original contract value (15% for works) after any contract indexation.
- 3.3. Officers must consult with Director of Legal and Democratic if they intend to make variations to their contracts.



3.4. The Officer will need to calculate how the Total Value of the contract will change as a result of any variation to determine the authority the Officer needs to obtain, (any option, extension periods and/or previous variations must be included in this calculation).

3.5. All variations must be kept with the Officer's signed copy of the contract and once agreed, all variations on contracts with a Total Value of £5,000 or more must be noted on the Contract Register.

3.6. Officers must be satisfied that they have sufficient budget to cover any variation and that the variation will achieve Value for Money and be reasonable in all the relevant circumstances.

#### **4. Assignments and Novations**

4.1. Officers must contact Director of Legal and Democratic where it is proposed that an assignment or novation should take place.

#### **5. Termination of Contract**

5.1. Officers must consult with Director of Legal and Democratic if they are considering the early termination of their contracts.

## Appendix 1 – Definitions, Abbreviations and Glossary

Bidder	means a potential Supplier, vendor or organisation who responds to an invitation to bid, Tender or Quote or any person who asks or is invited to submit a Quotation or Tender.
Chief Officer	An Officer(s) as defined in the Constitution.
Contract Register	means a register process managed by the Procurement Team that stores details of the Council's Contracts such as duration and expiry dates. The register is published on the Council's intranet.
Corporate Contract and/or Corporate Framework	a Contract let by the Council to support the Council's aim of achieving Value for Money.
Financial Regulations	means the financial regulations outlining Officer responsibilities for financial matters issued by the Chief Finance Officer in accordance with the Constitution.
Framework Agreement	A formal tendered arrangement which sets out terms and conditions under which specific purchases can be made from the successful Bidders in unpredicted quantities at different times during the term of the Framework Agreement.
Invitation	Invitation to Tender or Quote in the form required by these Rules.
Light Touch Regime	Refers to social and other specific services covered by Part 2 Chapter 3, Section 7 of the Public Contract Regulations 2015.
Local	areas covered by the Northamptonshire LEP at <a href="http://www.northamptonshireep.co.uk/location-why-northamptonshire/northamptonshire-local-economic-partnership">http://www.northamptonshireep.co.uk/location-why-northamptonshire/northamptonshire-local-economic-partnership</a> . An organisation that is not local in its address but can help Local economy/employment within the areas covered by the LEP may be included in this definition.
Non-Commercial Considerations	Those that are listed in section 17(5) of the LGA 1988.
Officer	An Officer of the Council designated by the Chief Officer to be responsible for undertaking the procurement exercise and for the administration of the contract to include ensuring compliance with its terms and conditions and implementation of any required variations.
Parent Company	means a Contract which binds the parent of a subsidiary company as

Guarantee	follows: If the subsidiary company fails to do what it has promised under a Contract with the Council, they can require the parent company to do so instead.
Performance Bond	An agreement that if the Supplier does not do what it has promised under a contract with the Council, the Council can claim from the Bondsman the sum of money specified in the Bond (usually 10% of the contract sum). It is intended to protect the Council against a level of cost arising from the Suppliers failure to comply with the terms of the contract.
Procurement Best Practice Guidance	means the relevant procurement guidance document issued by the Procurement Team.
UK Procurement Regulations	Regulations which become part of English Law through the Public Contracts Regulations 2015 as amended and any successor regulations which specify in detail the procedures by which public authorities shall undertake their procurements.
Purchasing Gateway Group (PGG)	means an identified group of Officers responsible for offering collective advice on procurement, legal and financial issues amongst others.
Quotation	means a quotation of price and any other relevant matter (without the formal issue of an Invitation to Tender).
Regulation Threshold	means the Total Value threshold at which PCR2015 public procurement directives must be applied. The current procurement thresholds and regulations can be found at the following site <a href="https://www.ojec.com/Thresholds.aspx">https://www.ojec.com/Thresholds.aspx</a>
Request for Quotation	means a formal quotation of price and any other relevant matter (without the formal issue of an Invitation to Tender).
Rules	These Contract Procedure Rules
Supplier	Any person or organisation, including companies or other bodies of persons providing, or seeking to provide, goods, services or works to the Council,
Tender	means a Bidder's proposal submitted in response to an Invitation to Tender.
Total Value	means the whole of the value or estimated value (in terms of money or equivalent value) for a single purchase, whether or not the purchase comprises several lots or stages across the Council as a whole and whether or not it is to be paid or received by the Council or a discrete

	<p>operational unit within the Council.</p> <p>The Total Value shall be calculated as follows:</p> <ol style="list-style-type: none"> <li>1. Where the contract is for a fixed period, by taking the total price to be paid or which might be paid during the whole of the proposed contract period;</li> <li>2. Where the contract is for an uncertain duration by multiplying the monthly payment by forty-eight (48);</li> <li>3. For feasibility studies, the value of the scheme or contracts which may be awarded as a result;</li> <li>4. For nominated Suppliers and sub-contractors, the Total Value shall be the value of that part of the main contract to be fulfilled by the nominated Supplier or sub-contractor;</li> <li>5. Where an in house service provider is involved, by taking into account redundancy and similar/associated costs; and/or</li> <li>6. In the case of a Framework Agreement, the estimated call off during the period of the contract.</li> </ol>
TUPE	<p>means the Transfer of Undertaking (Protection of Employment) Regulations 2006. These regulations were introduced to ensure the protection of employees when, for example, a business is taken over by another organisation. Broadly, TUPE regulations ensure that the rights of employees are transferred along with the service.</p>
Value for Money (VfM)	<p>It is not necessarily the lowest possible price as it combines goods or services that fully meet the Council's needs, with the level of quality required, delivered at the time required and at an appropriate price.</p>

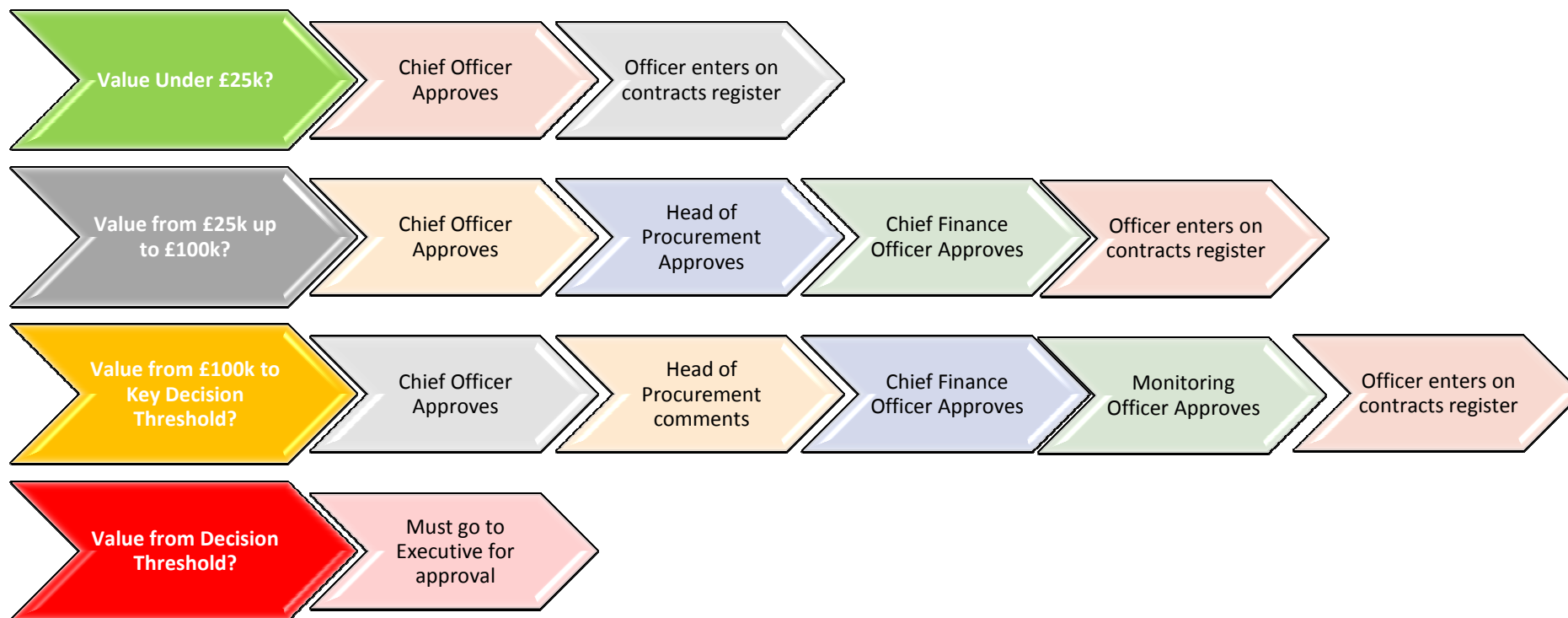
## Appendix 2 – Summary of Procurement Thresholds

<b>Value of Contract</b>	<b>Pre-Procurement Authorisation</b>	<b>Advertising</b>	<b>Procurement Process</b>	<b>Contract Execution</b>
<b>Up to £1,000</b>	Officer.  If “Key Decision”, relevant Officer and Executive approval.	No requirement to advertise.	Obtain best value for money	Contract terms issued via purchase order.
<b>£1,000 to £5,000</b>	Officer.  If “Key Decision”, relevant Officer and Executive approval.	No requirement to advertise.	Seek to obtain at least two (2) written Quotations unless exception is granted by line manager (at least one (1) from a Local provider).	Contract terms issued via purchase order.
<b>£5,000 to £25,000.</b>	Officer.  If “Key Decision”, relevant Officer and Executive approval.	No requirement to advertise.	Seek to obtain at least three (3) written Quotations (at least one (1) from a Local provider).	Contract terms issued via purchase order.  Contract must be published on the Contract Register.
<b>£25,000 to £100,000.</b>	Officer.  If “Key Decision”, relevant Officer and Executive approval.	Advertising on Contracts Finder is recommended.	Seek to obtain at least three (3) written Quotations (at least one (1) from a Local provider).	Written contract signed by one (1) Chief Officer or Officer with appropriate authority to enter into a Contract.  Standard terms approved by Monitoring Officer.  Contract must be published on the Contract Register and Contracts Finder
<b>£100,000 to Threshold.</b>	Officer and the	Advertising on Contracts	Seek to obtain at least	Written contract

<b>Value of Contract</b>	<b>Pre-Procurement Authorisation</b>	<b>Advertising</b>	<b>Procurement Process</b>	<b>Contract Execution</b>
	<p>Procurement Team.</p> <p>If “Key Decision”, relevant Officer and Executive approval.</p> <p>Requirement to present requirement to PGG.</p>	<p>Finder is mandatory unless the Regulations stipulate otherwise.</p> <p>All procurement Notices must be issued by the Procurement Team.</p> <p>Award notice must also be published on Contracts Finder.</p>	<p>three (3) written Quotations.</p> <p>The Procurement Team must be consulted.</p>	<p>signed/sealed.</p> <p>Standard terms approved by Director of Legal and Democratic.</p> <p>Contract must be published on the Contract Register and Contracts Finder.</p>
<b>Above Threshold</b>	<p>Officer and Procurement Team.</p> <p>If “Key Decision”, relevant Officer and Executive approval.</p> <p>Requirement to present requirement to PGG.</p>	<p>Advertising on Contracts Finder is mandatory unless the Regulations stipulate otherwise.</p> <p>Advertising on Find A Tender is mandatory unless the Regulations stipulate otherwise.</p> <p>All procurement Notices must be issued by the Procurement Team.</p> <p>Award notice must also be published on Contracts Finder and Find A Tender.</p>	<p>Procurement must be run in accordance with the Regulations and in consultation with the Procurement Team.</p>	<p>Written contract signed/sealed.</p> <p>Standard terms approved by Director of Legal and Democratic.</p> <p>Contract must be published on the Contract Register and Contracts Finder.</p>
<b>Framework Agreements or DPSs</b>	<p>Officer (and Council’s Procurement Team if over £100,000).</p>	<p>Not applicable</p>	<p>Follow call-off procedure within Framework Agreement or DPS.</p>	<p>Written Contract created from Framework Agreement or DPS.</p>

Value of Contract	Pre-Procurement Authorisation	Advertising	Procurement Process	Contract Execution
	If “Key Decision”, relevant Officer and Executive approval.		The number of Tenders will be determined by the Framework or DPS.	Sign-off as per above thresholds.  Contract must be published on the Contract Register and Contracts Finder.

### Appendix 3 – Procurement Waiver Process Flowchart





# 9.7 Financial Procedure Rules

## West / North Northamptonshire Unitary Council Constitution Financial Procedure Rules

### Contents

1	Introduction
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5	Financial Strategies and Guidance
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<b>24</b>	<b>Annual Governance Statement</b>
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<b>32</b>	<b>Significant Partnerships</b>
<b>33</b>	<b>Stores and Inventories</b>
<b>34</b>	<b>External Funding</b>
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<b>38</b>	<b>Business Continuity and Emergency Planning</b>

## **1. Introduction**

1. In order to conduct its business efficiently, this council recognises the need to ensure that it has sound financial management policies in place and that they are strictly adhered to.
2. The Financial Procedure Rules provide the framework for managing the Council's financial affairs, in order to ensure that they are conducted in a sound and proper manner, constitute value for money and minimise the risk of legal challenge to the Council. They are an integral part of the Council's Constitution and must be used in conjunction with those sections of the Constitution that apply generally to the management of the Council's business and affairs
3. Section 151 of the Local Government Act 1972 states that "every local 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". The officer designated by the Council as having the statutory responsibility set out in Section 151 of the 1972 Act is the Chief Financial Officer (CFO).
4. The Financial Procedure Rules apply to every councillor, officer, person acting on the Council's behalf in undertaking Council business, and any employee of a commissioned service within any organisation partly or wholly owned by the Council.
5. The term 'officer' in this document refers to Council employees and employees within a commissioned organisation partly or wholly owned by the Council. The term 'Council' in this document refers to the Council and all commissioned organisations partly or wholly owned by the Council.
6. Chief Officers are responsible for ensuring that all staff in their Service are aware of the existence, location and content of the Council's Financial Procedure Rules and other internal regulatory documents and that they comply with them.
7. All financial decisions and decisions with financial implications must have regard to proper financial control. Any doubt as to the appropriateness of a financial proposal or correctness of a financial action must be clarified in advance of the decision or action with the CFO.
8. The CFO is responsible for reporting, where appropriate, breaches of the Financial Procedure Rules to the Chief Executive and to the Cabinet.
9. The Financial Procedure Rules shall only be suspended on the resolution of the full Council, or as varied by any part of the Scheme of Delegation approved by the Council or Executive as appropriate. A written record shall be kept if this was to occur.

10. The CFO is responsible for maintaining a continuous review of the Financial Procedure Rules and submitting any additions or changes necessary to the full Council for approval.

## 2. Financial Management

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

The process of financial management involves:

- Complying with statutory requirements
- Development and approval of policy and management frameworks, the Constitution and financial plans including the revenue and capital budgets
- Establishing protocols and standards
- Implementing policies, protocols and standards
- Monitoring compliance
- Maintaining records
- Reporting and providing advice
- Specific financial techniques and functions e.g. virements, year end balances, statements of account.

## 3. Responsibilities

1. This section of the Financial Procedure Rules provides an overview of the responsibility and accountability of officers and councillors in respect of financial management, governance and the use of Council resources.
2. All officers and councillors are responsible for ensuring that they use Council resources and assets entrusted to them in a responsible and lawful manner. Consideration of value for money needs to be embedded in every financial decision made. These responsibilities apply equally to councillors and officers when representing the Council on outside bodies.
3. Failure to comply with these Regulations and associated policies, instructions and processes may constitute misconduct or gross misconduct, depending on the circumstances of the case in question and may well result in disciplinary action being taken in accordance with the Council's Disciplinary Procedures.
4. Any person charged with the use or care of the Council's resources and assets is responsible for reading the requirements within the Financial Procedure Rules. If anyone is unsure as to their obligations, they should seek advice from the CFO.
5. The financial instructions and processes that support these Regulations, as approved by the Chief Financial Officer, must be followed and carry the same weight as the Financial Regulations.

6. Any employee must report immediately to their manager, supervisor or other responsible officer any illegality, impropriety, serious breach of procedure or serious deficiency in the provision of service he or she suspects or becomes aware of. Employees are able to do this without fear or recrimination providing they act in good faith via the Council's Whistle Blowing Policy. In such circumstances managers must record and investigate such reports and take appropriate action.
7. Compliance with any Anti-Fraud and Corruption policy, Code of Conduct for Councillors or Employees which the council has in place is mandatory.

### **~~Head of Paid Service~~**

- ~~8. The Head of Paid Service is the Chief Executive. He/she has responsibilities set out s4 Local Government and Housing Act 1989. These include providing members with a report about the staffing resources that are required for the delivery of the Council's plans. The Chief Executive is also responsible for the corporate and overall strategic management of the Council as a whole. He/she must report to and provide information for the Cabinet, the full Council, Scrutiny Committees and other Committees.~~
- ~~9. He/she is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation.~~

### **Monitoring Officer**

- ~~10. The Monitoring Officer is responsible for promoting and maintaining high standards of financial conduct. He / She is also responsible for reporting any actual or potential breaches of the law or maladministration to the full Council and / or to the Cabinet.~~
- ~~11. He / She is also responsible for ensuring that procedures for recording and reporting key decisions are operating effectively. They must also ensure that Council Members are aware of decisions made by the Cabinet~~
- ~~12. The Monitoring Officer must ensure that executive decisions and the reasons for them are made public. They must also ensure that Council Members are aware of decisions made by Officers who have delegated executive responsibility.~~
- ~~13. The Monitoring Officer is responsible for advising all officers and councillors regarding where the authority to take a particular decision resides.~~
- ~~14. The Monitoring Officer is responsible for advising the Cabinet or full Council about whether a decision is likely to be considered contrary to or not wholly in accordance with the policy framework.~~

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

15. The responsibilities of this post are described in Part 9.2 of the Constitution. It has specific statutory duties in relation to the financial administration and stewardship of the council. This statutory responsibility cannot be overridden.
16. The CFO is responsible for the proper administration of the council's financial affairs and reports to Council and Committees on the discharge of this responsibility. This includes:
  - Maintaining strong financial management underpinned by effective financial controls
  - Contribute to corporate management and leadership
  - Providing financial information and advice
  - Setting and monitoring compliance with financial management standards
  - Advising on the corporate financial position
  - Advising on the key financial controls necessary to secure sound financial management
  - Preparing the revenue budget and capital programme
  - Treasury management
  - Leading and managing an effective and responsive financial service.
17. The CFO has a statutory responsibility for ensuring that adequate systems and procedures exist to account for all income due and expenditure made on behalf of the council and that controls operate to protect the council's assets from loss, waste, fraud or other impropriety. The CFO shall discharge that responsibility in part by the issue and maintenance of Financial Procedures and Operational Procedures with which all Councillors and staff of the council shall comply.
18. The CFO is the 'responsible financial officer' for the purposes of Sections 114 and 114A of the Local Government Finance Act 1988 and the Accounts and Audit Regulations 2003.
19. Section 114 requires the CFO to make a report and inform the External Auditor if it appears that (full) Council, a Committee or officers:
  - Has made, or is about to make, a decision which involves incurring unlawful expenditure;
  - 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
  - Is about to make an unlawful entry in the councils accounts
20. Section 114A makes equivalent provision in respect of actions taken by or on behalf of the council. Under both sections the report must be sent to every Councillor as well as the External Auditor.
21. Section 114 also requires:

- The CFO to nominate a properly qualified member of staff to deputise should they be unable to perform the duties under Section 114 personally.
  - The council provide the CFO with sufficient staff, accommodation and other resources, including legal advice where necessary, to carry out the duties under Section 114 and make similar arrangements for the purposes of the Accounts and Audit Regulations 2006.
22. The CFO will have overall responsibility for the operation of internal audit throughout the authority. Internal Auditors will operate as a management control by examining, evaluating and reporting upon the effective of internal financial and operational controls and the efficient use of the Authority's resources.
  23. The CFO and Internal Audit shall have full and unrestricted access to all council assets, systems, accounts, contracts, documents, information, officers, and Councillors.
  24. The CFO is responsible for providing appropriate financial information to enable budgets to be monitored effectively. They must monitor and control the net expenditure of the council against budget allocations and report to the Cabinet on the overall position as appropriate.
  25. The CFO is responsible for monitoring compliance with the virement scheme to ensure the scheme operates effectively and in accordance with the agreed budgetary and policy framework.
  26. The CFO will consider and approve reports requesting virements between £10,000 and £500,000, in accordance with the scheme of virement (see section 9). Decisions on virements over £50,000 will be made in consultation with the relevant portfolio holder.
  27. Reference to the CFO within the Finance Procedure Rules includes those authorised by him to undertake the various functions concerned.

## **Chief Officers**

28. Chief Officers are individually responsible to ensure that all staff in their Service are aware of the existence of the Council's Constitution and Financial Procedure Rules, and have systems of control in place to monitor compliance, with any non-compliance by either officers, or partners reported to the CFO.
29. They are accountable for the overall financial stewardship of all Council resources allocated to them, and must seek approval from the Cabinet for any actions likely to materially affect the Council's finances by virtue

of being a key decision. In such instances, consultation with the CFO will also be necessary.

30. They must ensure that the CFO is supplied with all information he/she feels is necessary to meet his/her statutory obligations.
31. Chief Officers must ensure that the relevant Cabinet members are advised of the financial implications of all significant budget proposals and service changes, which have been previously agreed by the CFO and Chief Executive.
32. They are responsible for ensuring the accuracy and deliverability of all budget estimates, which should be congruent with the strategic priorities set out in their annual Business Plans submitted as part of the annual budget. These estimates are to be prepared in line with guidance and timelines issued by the CFO.
33. With regard to the in-year financial monitoring against budget, it is the Chief Officer's responsibility to ensure that there are suitably competent Budget Managers in place within their Service who are aware of their budget allocation, including any savings requirement, as defined in the annual budget. These budget managers are also required to operate a robust system of control in order to monitor and report commitments and actuals throughout the year. This process will also ensure value for money decisions are made and that risk is minimised. Any non-compliance must be escalated to the CFO in a timely manner.
34. Each Chief Officer is responsible for ensuring that the CFO is consulted about any information provided to councillors, external partners or members of the public which concerns the finances of the Council and that he/she is to be given adequate time to comment in advance of the agenda / deadline date.
35. Committee reports shall only be submitted once the CFO has validated and agreed the financial aspects of the report. The onus is on the report sponsor to obtain the agreement of the CFO.
36. If a Chief Officer, having regard to the CFO's views, does not wish to amend a Committee report, the CFO may require inclusion of his / her comments within the report before it is finalised.
37. Chief Officers may delegate decision making powers relating to financial management to their Deputy Chief Officer or below. A record of all such delegations must be kept by the officers concerned.
38. All Chief Officer Functions are described in the Scheme of Delegation, Part 9 of the Constitution.

### **Councillors and Officers**

39. All officers and councillors will contribute to the general stewardship, honesty and integrity in the council's financial affairs and comply with



these regulations and any system, financial procedure or policy relating to the financial management of the council.

40. Before making any decision or voting on any decision the person responsible shall consider the financial implications and the effect on the council's financial position.
41. Councillors or officers shall bring to the attention of the CFO any act or omission that is contrary to the financial regulations and/or the financial procedures.
42. Councillors and officers should maintain the highest standards of financial probity and provide information or explanations on matters within their responsibility to the Monitoring Officer, the Governance and Audit Committee, the CFO, and the council's internal and external auditors.
43. Any Chief Officer, Head of Service or councillor who is involved in, or who has an interest in, a transaction between the council and a third party shall declare the nature and extent of this interest to the CFO. These will be reported in the council's accounts in accordance with the Accountancy Standards Board (ASB) Reporting Standards and the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Accounting Practice.
44. A Budget Manager is an Officer with the overall responsibility of managing the commissioning of direct service or externalised service(s) for an area. This responsibility is specifically delegated to this Officer, using any document required by the Section 151 Officer or under the Part 9 Scheme of Delegation to Officers. A Budget Manager cannot delegate the overall responsibility for managing budgets under his jurisdiction. A Budget Manager must be an employee of the Authority.
45. A Project Manager, in relation to capital, is the budget manager responsible for delivering a capital project.

### **The Full Council**

46. Full Council is responsible for adopting and approving the principles of financial governance and approving the council's budgetary and policy framework within which committees and the Executive operate

### **The Cabinet**

47. West Northamptonshire Council is operating a Leader and Cabinet model of Executive arrangements. The majority of financial decisions are taken by the Executive. In accordance with the Local Government Act 2000 (as amended) the Leader can take all Executive decisions alone or with Cabinet in accordance with the Executive Procedure Rules set out in part 5 of the Constitution. The Executive can take all

decisions not specifically identified as non-executive within the budget and policy framework as described in Part 3 of the Constitution.

48. The Cabinet also monitors revenue and capital spending against agreed limits, agreeing externally funded initiatives, to approve the commencement of tender processes where the value of the proposed contract is in excess of £500,000, or is otherwise a key decision, approving the termination of contracts where the value is in excess of £500,000, to approve the introduction of charges, or changes to charges for services, to approve the acquisition, retention or disposal of assets with a value in excess of £500,000. To approve the write-off of individual debts deemed to be uncollectable over £25,000. To approve Virements in excess of £500,000.
49. Executive decisions can be exercised by the Leader, by the Leader and Cabinet, delegated to a Committee of the Cabinet, an individual Cabinet Portfolio Holder, an officer or joint committee.

### **The Audit and Governance Committee**

50. The Audit and Governance Committee is charged with ensuring correct governance of the council.
51. The Committee will contribute to the development of and review of the effectiveness of the Medium Term Financial Strategy, the annual budget and capital programme.
52. The Committee will consider reports from the internal and external auditors in respect of performance issues in relation to the Medium Term Financial Strategy or financial processes, where considered appropriate by the CFO.
53. The Committee is also responsible for approving the council's risk management policy statement and strategy and for reviewing the effectiveness of risk management.
54. The Audit and Governance Committee is responsible for approving the Annual Statement of Accounts in accordance with the Account and Audit Regulations.

### **Regulatory Committees**

55. Regulatory Committees include:
  - Licensing Committee
  - Planning Management Committee
56. Regulatory committees do not have delegated to them specific financial management responsibilities but due consideration must be given to the general stewardship, integrity and confidence in the council's financial affairs.

57. Decisions made by these committees could materially affect the council's financial position and/or expose the council to financial risk. The committees, and individual councillors, should ensure that proper consideration has been given to any exposure to risk in determining matters delegated to the committee.

## **Other Committees**

58. The Overview and Scrutiny Committees has responsibility for the oversight of financial matters for the Council and for holding the Cabinet to account.
59. The Pensions Committee sets the Pension Funds objectives and determines the appropriate strategies, policies and procedures for funding, investment, administration, communication, discretions, governance and risk management. This committee also has the power to manage any key matter pertaining to the Pension Fund.
60. Pensions Investment Sub-Committee implements the Pension Funds investment strategy and monitors fund performance against target.
61. West / North Northamptonshire Health and Wellbeing Board has the responsibility for preparing the Joint Health and Wellbeing Strategy and the Joint Strategic Needs Assessment.
62. All Council, Cabinet and Committee functions and powers are described in the relevant section of the Constitution for the decision maker or in Scheme of Delegation to officers in Part 9 of the Constitution. All delegated functions within the Scheme of Delegation must be exercised within approved budgetary provision and abide by the Council's Financial Procedure Rules and Contract Procedure Rules.
63. The CFO is responsible for reviewing and monitoring all financial aspects of the Council's decision making.

## **4. Urgency Procedure**

1. The Urgency Procedure is designed to deal with unexpected events which cannot be dealt with under the other clauses contained within Constitution, including these Financial Regulations and which require such urgent attention that they do not allow for referral to the next available committee meeting. Examples include significant financial expense following an accident or disaster, protecting the council against any legal challenge and the ability seek advantage from an opportunity which would otherwise disappear if immediate action is not taken.
2. The urgency procedure is only designed to deal with items costing in excess of £100,000, which are within our existing policy framework but which are not covered by the approved budget.

3. Items greater than £ but less than £100,000 can be approved by the CFO (or Deputy CFO in their absence) after consultation with the Portfolio Member for Finance.
  4. For sums over £100,000, the Chief Executive who has wider responsibilities for Emergencies as set out in the scheme of delegation in Part 9 of the Constitution will be responsible for deciding on applying the Urgency Procedure and will do so only on the advice of the CFO and in consultation with the Leader of Council and Portfolio Member for Finance (or in their absence their deputies). Expenditure over £500,000 outside the budget should be reported to the next available ordinary Council meeting.
  5. Under the above provisions, authorisation to approve such items will require a written report from the Chief Executive, countersigned by the CFO.
  6. Reports approved under this scheme shall include not only the details under consideration but also the reasons why they need to be dealt with under the urgency procedure.
  7. The introduction of new systems could fundamentally change the systems of control in some areas. The Council recognises that this may require a variation to the Regulations that cannot be achieved with Cabinet approval, due to time constraints. Therefore, the Chief Finance Officer may, in consultation with the Council's Monitoring Officer approve temporary dispensation / amendment.
  8. This scheme shall not be used for expenditure on items outside the council's existing policy framework or where, in the opinion of the CFO, the decision will result in significant ongoing expenditure.
5. Financial Strategies and Guidance
1. The CFO is responsible for developing/approving the Council's financial strategies, issuing advice, guidance and policies to underpin the Financial Procedure Rules that councillors, officers and others acting on behalf of the Council are required to follow.
  2. The Council will have a number of key financial strategies and policies some of which are listed below, but this is not an exhaustive list;
    - Contract Procedure Rules
    - Medium Term Financial Plan
    - Medium Term Capital Plan
    - Risk Management Policy and Strategy
    - Anti-Fraud and Corruption Policy
    - Whistleblowing Policy
    - Anti Money Laundering Policy
    - Treasury Management Strategy (including the Investment Strategy, Prudential Indicators and MRP Policy)

- Financial procedures for schools (note: this is a collection of documents).
- Security and control of assets.

#### 6. Medium Term Financial Planning and the Annual Budget

1. The Council's Medium Term Financial Plan (MTFP) provides a four year overview of the Council's anticipated resources, expenditure commitments, and resulting savings requirement. The MTFP allows resources to be prioritised to achieve the vision set out in the Council Plan, which is underpinned by the Council's priority objectives included within individual Service Business Plans.
2. The MTFP, therefore, is the financial framework that informs the annual Budget setting process and is integral within the Council's business planning.
3. Various internal and external factors will influence the planning assumptions underpinning the MTFP and these include the following variables:
  - corporate priorities
  - levels of Council Tax
  - likely impact on inflation in the current and future economic climate
  - future Spending Reviews and funding allocations to councils
4. The Medium Term Financial Plan considers the following key underlying principles;
  - spending is aligned to the priority objectives set out in the Council Plan and each Service Business Plan
  - emerging pressures are managed within existing approved resources in the first instance
  - future liabilities are anticipated
  - savings proposals are supported by project plans and the impact on service delivery is clear
  - funding forecasts are prudent
  - exit plans are formulated for specific grant funded areas to ensure that funding withdrawal does not lead to revenue budget pressures
  - capital and revenue planning is integrated to ensure implications are fully anticipated
  - earmarked reserves are sufficient to address risks identified in future years
5. The CFO will set an annual timetable to enable the development of the MTFP, Revenue Budget and Capital Programme for the consideration of Cabinet and approval by the full Council.
6. The integrated process of business planning and the development of budget proposals shall be prepared by Chief Officers in the form

required by the CFO, in accordance within the agreed timetable, so information can be examined and challenged before submission to the Cabinet.

7. Chief Officers are responsible for ensuring;
  - the completion of integrated business and financial plans
  - the development of sufficient budget proposals as instructed by the CFO, to ensure the Council can set a balanced Budget
  - that all budget proposals are lawful and that the necessary consultation has taken place, subject to approval with the relevant Portfolio Holder
  - that all existing services and all new budget proposals demonstrate value for money
  - external funding opportunities are fully explored
  - the availability of an annually updated list of fees and charges
8. The MTFP will cover the annual budget year, plus at least three future years. These documents will be developed and approved in accordance with the Budget and Policy Framework set out at Part 4 (c) of the constitution.

#### 7. Medium Term Capital Strategy

1. Investment in capital assets shapes future service delivery and creates future financial commitments. The Medium Term Capital Programme is laid out within the Council's Capital Strategy and is at least a four-year programme of estimated capital expenditure and associated funding.
2. The Cabinet will receive proposals for inclusion in the Council's Capital Programme and will submit a proposed programme (including block provisions where appropriate) to the full Council for approval. The programme will include all capital schemes including those proposed to be financed from revenue resources or external funding sources.
3. In year, the Cabinet may approve new schemes estimated to cost less than £100,000 that have not previously been included in the Capital Programme. New schemes estimated to cost more than £100,000 must be approved by full Council.
4. Before a scheme in the Medium Term Capital Programme receives final approval from the Cabinet to proceed, Chief Officers must put forward to Cabinet their recommendation based on a Capital Programme Board project appraisal covering the following elements as a minimum requirement:
  - Description
  - Justification
  - Deliverable outcomes
  - Feasibility study/options appraisal
  - Financial analysis including revenue implications and appropriate measures of investment appraisal

- Budget including life cycle cost
  - Project plan
  - Risk evaluation
  - Source of funding
5. Capital Programme Board approval must include sign off by the CFO, the Chief Officer for Capital and Proper, or delegated officers as directed.
  6. Any Officer proposing to award or vary a contract for works, goods or services in connection with a scheme must refer to the Contract Procedure Rules.

## 8. Forecasting and Monitoring

### **Revenue**

1. The financial management and budgetary control of each Service budget is the overall responsibility of the appropriate Chief Officer.
2. Each Chief Officer must ensure that there is a designated Budget Manager who is accountable to the Assistant Director for the detailed management and financial monitoring of all budgets. The CFO should be notified of any changes to Budget Managers, so that all budgets continue to have a named manager at all times.
3. Chief Officers need to ensure that expenditure is contained within approved budget allocations, there is a robust control environment and that accurate financial forecasting is completed on a monthly basis within the Council's Financial system.
4. The CFO will take budget monitoring reports to Cabinet and the relevant Scrutiny Committee on a regular basis. These reports will contain updates on both revenue and capital budgets as well as any management actions being taken where variances have been identified from these reports.

### **Capital**

5. The financial management and budgetary control of each Capital Scheme is the overall responsibility of the appropriate Chief Officer.
6. Each Chief Officer must ensure that there is a designated Budget Manager who is accountable to their Assistant Director for the detailed management and financial monitoring of all Capital Schemes. The CFO should be notified of any changes to Budget Managers, so that all capital budgets continue to have a named manager at all times.

7. Budget Managers must submit regular monitoring returns in line with their Budget Management responsibilities and make the CFO aware of slippage in scheme costs between financial years at the earliest point possible, in order to support the Council's Treasury Management.
8. There is no authority for any Officer to overspend their allocated budget and if there are variations in contract costs when compared with the provision in the Medium Term Capital Programme, the relevant Officer must alert the CFO.
9. Chief Officers must seek cabinet approval, following consultation with the CFO, for any proposed amendment to an approved capital scheme.
10. The CFO will report to the Cabinet on the monitoring of the Council's approved Capital schemes, including projected expenditure and income.
11. Officers must ensure that no contracts or commitments are entered into without project approval or scheme of delegation's authority provided.
12. Where the replacement of capital assets is financed by insurance monies, Chief Officers may authorise additional capital expenditure subject to subsequent report to the Cabinet and amendment to the Medium Term Capital Programme.

#### 9. Virements (Revenue & Capital)

1. A virement is the balanced transfer of spending power [or budget] from one place to another, i.e. the overall budget does not change. Virements should support the Council's policies and not result in enhanced service levels or budget commitments beyond the base budget. A virement should not be used for cosmetic purposes within the same budget code. Virements can be revenue or capital in nature.
2. Virements will only apply to a current year's revenue or capital budget, and should not involve:
  - a new policy or policy change
  - an increasing commitment in future years that cannot be contained within existing approved budget allocations.
3. Virements will not be permitted from:
  - Capital to revenue, capital charges and financing costs
  - Interest earnings and income generated from investments
  - Government grants and grant related expenditure to other payments
  - Inter-authority payments
  - Ring fenced grants



4. Transfers from a capital project should not materially limit the approach or scope of the capital project, but should arise from cost reductions in progressing the scheme e.g. arising through the tendering process, also a capital Virement may only apply to a scheme which has been admitted to the approved capital programme.
  5. Where it is intended that the Virement will affect future years then this must be built into the base budget through the Medium Term Financial Planning process.
  6. Virements up to £100,000 cumulative require CFO approval.
  7. Virements between £100,000 to £500,000 require agreement with the CFO in consultation with the relevant Cabinet Portfolio Holder.
  8. Virements in excess of £500,000 require Cabinet approval.
  9. The Management Agreement which supports the delivery of housing management and other services through Northampton Partnership Homes provides that NPH have the ability to action the virement of funds within the Total Fee up to an agreed sum. Any requirement for a virement above this or of the Housing General Fund element will need Council approval through the Chief Finance Officer.
10. Carry Forward of Budget between Financial Years
1. Revenue budget not utilised by the end of the financial year will not normally be transferred to the following year, except in exceptional circumstances approved by the CFO.
11. Maintenance of Reserves
1. The Council must determine the level of general reserves it wishes to maintain when setting the Budget. Reserves must be sufficient to meet unexpected events and protect the Council from over spends should they occur. Earmarked reserves may also be established for specific purposes.
  2. The CFO will advise the Council on the levels of reserves that it is prudent to maintain, and will account for the Council's reserves in accordance with the Reserves Policy and relevant Codes of Practice, ensuring the purpose and usage of reserves is clearly identified.
12. Closure of Accounts
1. The CFO is responsible for the timely production and publication of the Council's final accounts in accordance with the relevant accounting policies, standards and statute.
  2. The CFO shall produce and circulate to all relevant officers of the Council a set of guidance notes for the production of final accounts. These notes shall detail the timetable for the final accounts production, the information and action required from Services and any other details necessary to ensure that the responsibilities under this paragraph are

properly discharged. Chief Officers must comply with accounting guidance provided, and supply information when required.

3. The CFO is responsible for establishing a good professional working relationships with the Council's external auditors and must satisfy any reasonable requests for information with regard to the Councils financial affairs.
4. The Local Audit and Accountability Act grants the Council's external auditors the right to inspect any document that they deem necessary for the purpose of performing their duties.
5. The CFO shall present the Statement of Accounts for the year to the Council's external auditor and Audit and Governance Committee within the agreed timescales.
6. The CFO and the Chair of the Audit and Governance Committee are responsible for signing the annual accounts to confirm that they present a true and fair view of the Council's financial position.
7. The CFO will hold copies of the Council's audited Statement of Accounts, including the external auditors signed certificate and opinion.

### 13. Banking

1. The CFO will be responsible for the opening of all bank accounts in the name of, and on behalf of, the Council. No employee of the Council shall open any bank (or equivalent) account on the Council's behalf or in its name without the express agreement of the CFO.
2. The CFO will ensure that sound, adequate arrangements are in place for the safe and efficient operation of all its bank accounts, and will effect, or cause to be effected, proper and timely reconciliations.
3. All investments of money under its control shall be made in the name of the Authority unless otherwise approved by the CFO.
4. All securities, being the property of, or in the name, of the Authority, or its nominees, and the title deeds of all property in its ownership, shall be held in the custody of the CFO or under arrangements agreed by him / her
5. All borrowings shall be effected in the name of the Authority.

### 14. Financial Accounting and Systems

1. The Council's financial accounting systems is required to provide data that is accurate and adequate for the published final accounts and for the provision of management information for the Council to conduct its business affairs in an efficient and effective manner; as such all officers are responsible for ensuring that financial information is accurate, consistent and delivered in a timely manner.

2. The CFO is responsible for keeping the principal accounting records for all services of the Council.
3. The CFO will;
  - determine accounting policies, systems and procedures and the form of financial records and statements in accordance with statute and best practice, informed by International Financial Reporting Standards (IFRSs); and International Accounting Standards (IAS)
  - provide guidance and advice on all accounting matters
  - monitor accounting performance to ensure an adequate standard for all services
  - certify all financial returns, grant funding applications and claims and other periodic financial reports required of the Council
  - be required to approve the development, acquisition and implementation of all financial IT systems
4. Each Chief Officer is required to;
  - implement accounting procedures and adopt the form of financial records and statements as determined by the Chief Financial Officer
  - obtain the approval of the Chief Financial Officer prior to introducing or changing the form or method of existing accounting systems and procedures, financial records or statements.
  - complete and pass to the Chief Financial Officer financial returns and other financial reports requiring certification in good time
  - keep a proper segregation of duties for staff with financial responsibilities.
  - ensuring that their staff receive relevant financial training and guidance that has been approved by the CFO.
  - ensuring that systems which provide a feed into financial systems and reporting are maintained on an accurate and timely basis.
  - ensuring a complete management/audit trail is maintained, to ensure financial transactions can be traced from the accounting records to the original document, and vice versa.

#### 15. Procurement Arrangements

1. All Council procurement activity and contract/supplier management must adhere to the Contract Procedure Rules set out in Part 9.6 of the Constitution and any associated guidance to officers which set out the rules and procurement thresholds for buying, renting, and leasing of goods, services and works for the Council.

#### 16. Orders for Goods and Services

1. Each Chief Officer shall be responsible for all orders issued from their Service for goods or for services rendered. Official orders must be issued for all work, goods or services to be supplied to the Council, except periodical payments, petty cash purchases, acceptable

purchases under the Corporate Credit Card (GPC) policy or such other exceptions as may be approved. Before orders are made the authorised officer must ensure:

- that there is adequate budget provision before committing expenditure;
  - any necessary Chief Officer or Cabinet approvals have been obtained as set out in the Council's Contract Procedure Rules or these financial procedure rules
2. If goods are to be ordered on behalf of another Service then a written requisition must be received from the Chief Officer of that Directorate, authorised by them or one of their nominated officers.
  3. Official orders shall be in a form approved by the CFO and are to be approved only by nominated officers authorised by the Chief Officer.
  4. Each order shall conform to the policies of the Council with respect to procurement and any standardisation of supplies and materials.

#### 17. Payment of Account

17. The Chief Officers are responsible to ensure that all payments made by the Council are:

- lawful;
  - properly authorised by an appropriate officer
  - within the amount provided in the Council's budget
1. All invoices shall be retained for at least 6 years. In the case of invoices relating to grant claims these must be kept until after the grant claim has been audited even if this exceeds 6 years.
  2. Each designated Officer shall as soon as possible after 31st March in each year notify the CFO of all outstanding expenditure relating to the previous financial year which has not been accrued for within the financial ledger.
  3. Where grants can be claimed on expenditure incurred, Chief Officers must be aware of the appropriate grant conditions and ensure that payments meet these conditions with regard to types of expenditure, payment date, etc.
  4. The CFO is responsible for approving and reviewing the allocation of individual employee's financial limits for GPC usage, Accounts Payable and Accounts Receivable transactions.
  5. Each Chief Officer is responsible for ensuring that the list of GPC holders and purchase approvers is updated in a timely manner and that all users and approvers are aware of the GPC User Guide, which sets out the rules of usage. The GPC holders, their individual approval limits and the GPC approvers should be subject to an annual review by each Chief Officer and the CFO.

6. The Accounts Payable and Receivable transactional approval limits are administered by the Council's financial system (ERP Gold) which assigns a financial approval limit to an individual employee based on the seniority of their job role.
7. Any change to these limits requires the agreement of the Chief Officer and CFO.
8. The table below sets out the Council's Accounts Payable and Receivable approval limits. These are distinct from the limits of financial delegation set out in Part 9 of the constitution and the key decision threshold set out in Part 5 of the constitution.

Transaction Type	Budget Support	Budget Manager (Project Manager for Capital)	Head of Service	Assistant Director	Corporate Director	Chief Executive	Section 151 Officer
	TIER4	TIER4	TIER3	TIER2	TIER1	TIER0	
Official order for procurement of goods, services, grants, benefits	Up to £5k	Up to £200k	Up to £500k	Up to £1m	Unlimited	Unlimited	
Sales order invoices	Up to £1k	Up to £10k	Up to £50k	Up to £100k	Unlimited	Unlimited	
Credit Note Approval	Up to £1k	Up to £30k	Up to £125k	Up to £500k	Unlimited	Unlimited	
Write Off Authority - Non Adult Social Care Debt	n/a	Up to £2k	Up to £5k	Up to £5k	Up to £5k	Up to £5k	Up to £25k
Write Off Authority - Adult Social Care Debt Only	n/a	Up to £2k	Up to £2k	Up to £2k	Up to £2k	Up to £2k	Up to £25k

9. Where operational approval to manage the establishment and associated reimbursement of staff travel and subsistence is required at a potentially lower level than a Budget Manager, this will be approved using the HR position approval hierarchy within ERP Gold.

10. All approvers are responsible to ensure they have undertaken the necessary financial due diligence required, before approving any transactions with a financial consideration.
18. Payments to Employees and Councillors
1. All staff must be appointed in accordance with the Council's recruitment policies.
  2. The CFO is responsible for the arrangements for salary and pension payments to all current, former staff and for payment of allowances to Councillors. The key areas of responsibility are:
    - arranging and controlling the secure and reliable payment of salaries, compensation, other emoluments and allowances to existing and former employees.
    - recording and making arrangements for the accurate and timely payment of tax, pension contributions and other deductions.
    - ensuring there are adequate arrangements for administering pensions matters on a day-to-day basis.
    - advising Chief Officers, in the light of guidance issued by appropriate bodies and relevant legislation, on all taxation issues that affect the Council.
  3. Chief Officers are responsible for:
    - ensuring appointments are made in accordance with the Council's Recruitment and Selection Policy
    - notifying the CFO of all appointments, terminations or variations which may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the CFO
    - ensuring that adequate and effective systems and procedures are operated to ensure that payments to staff are made accurately, timely and to bona fide employees
    - ensuring that payroll transactions are processed only through the payroll system. Chief Officers should give careful consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis
19. Income
1. All budget managers are responsible for raising and collecting income in a timely and accurate manner.
  2. Wherever possible services should be billed and paid for in advance and no service delivered until payment has been received.
  3. There are two types of income, income and un-invoiced income, the requirements of these income streams are set out below:

#### **Cash/Uninvoiced income**

4. Where monies are received for a service at the point of delivery this income should be treated as un-invoiced income.

5. A record should be maintained of all individual payments, including the amount, time and date of the receipt. This should be compared to the income held, with appropriate segregation of duties, to ensure all income is banked and verified. Verification of records should be by an appropriate second officer.
6. Cash handling should be kept to a minimum. Officers should only collect income as cash when other payment routes are not available, and must put in place additional controls if any income is to be collected as cash, to ensure that;
  - officers are appropriately trained in income collection, accounting and cash handling arrangements
  - sufficient separation of duties is in place, in particular between billing income, processing payments and banking payments
  - official receipts are available on request for payments made in person
  - proper records are kept
  - all money received is banked as soon as practicable. All insurance limits on safes shall be adhered to and all cash/cheques shall be banked no later than one week after receipt
  - VAT is properly accounted for
  - where it is necessary for cash to be held prior to it being paid into the Council's bank account, it should be recorded and kept in an appropriate secure environment
  - security of staff shall be maintained when cash collections are involved
7. Personal cheques must not be cashed out of money held on behalf of the Council.

### **Invoiced Income**

8. Invoiced income falls into two categories, payments in advance and payments in arrears. Wherever possible, users of services should be billed in advance of the provision of the service.
  9. For all billed income it is the responsibility of the Budget Manager to ensure that any debts raised are accurate, appropriate and due to the authority.
  10. Chief Officers have responsibility for ensuring their Service has suitable controls in place with regards to its income generation, and his/her officers are compliant with these rules.
20. Bad Debts/ Write- Offs/ Loss of Income



1. The Authority has a duty to maximise revenue collection. However, circumstances may arise in which amounts due must, for all practical purposes, be deemed uncollectable.
2. The Accounts and Audit Regulations 2015 require that, in such circumstances, a decision to write-off an amount must be taken with the authority of the CFO, whether exercised personally or properly delegated by him to a member of his staff. The amounts involved, and approval granted, should be recorded in the accounting records.
3. No such provisions apply where debts are “cancelled” i.e. because they were incorrectly raised (e.g. wrong amount, wrong debtor) or “waived” i.e. because an authorised policy decision was taken not to charge or to reduce the charge of an amount otherwise properly payable by a debtor.
4. The Cabinet is responsible for approving write-offs over £25,000. The delegated write off limits to Officers is set out in the Table within Section 17 of these rules.

## 21. Taxation

1. The CFO is responsible for maintaining the Council’s Tax records, ensuring all tax payments are made, the receipt of all tax credits and the submission of tax returns by their due date as appropriate.
2. The CFO, or his delegated representative will issue mandatory guidance on Value Added Tax (VAT) matters.

## 22. Treasury Management:

1. The Council has adopted CIPFA’s Code of Practice for Treasury Management in Local Authorities.
2. The CFO is responsible for making all decisions on borrowing, investment or financing (including finance leasing) in accordance with the approved Treasury Management Strategy and CIPFA’s Code of Practice for Treasury Management in Local Authorities
3. The Council will approve the Treasury Management Policy Statement which sets out the matters detailed in CIPFA’s Code of Practice for Treasury Management in Local Authorities. The Policy Statement is proposed annually. The CFO has delegated responsibility for implementing and monitoring the statement.
4. This policy will be reviewed whenever legislative, regulatory or best practice changes materially affect the effectiveness of the current policy. The Council will approve on an annual basis an Annual Treasury Management Strategy, which includes a statement on Prudential Indicators, the Minimum Revenue Provision Policy and Investment Strategy.

5. The CFO is responsible for reporting to the Cabinet a proposed treasury management strategy for the coming financial year at or before the start of each financial year and will report to the Cabinet at least quarterly on the activities of treasury management and the exercise of his/her delegated powers. One such report will comprise an annual report on treasury management for presentation by 30 September of the succeeding financial year.
6. All money in the hands of the authority is controlled by the CFO as the officer designated for the purposes of Section 151 of the Local Government Act 1972. He/she is responsible for authorising and operating the Council's banking arrangements including determining arrangements for the signing and security of cheques. All Chief Officers will comply with the detailed rules set for the banking of income and operation of bank accounts.

### 23. Internal Audit

1. The Council is required to maintain an adequate and effective Internal Audit Service in accordance with the Accounts and Audit Regulations 2015 and in line with the CIPFA Code of Practice for Internal Audit in Local Government and Professional Auditing Standards. Consequently, it is the responsibility of Internal Audit to review, arrange and report upon:
  - whether operations are being carried out as planned and objectives and goals are being met.
  - the adequacy of systems established to ensure compliance with policies, plans, procedures, laws and regulations, i.e. rules established by the management of the organisation, or externally
  - the completeness, reliability and integrity of information, both financial and operational
  - the extent to which the Council's assets, data and interests are properly accounted for and safeguarded from losses of all kinds, including fraud and corruption, waste, extravagance, abuse, ineffective management and poor value for money
  - the economy, efficiency and effectiveness with which resources are employed
  - the effectiveness of its system of internal control, and prepare an Annual Governance Statement
2. Internal Audit has an unrestricted range of coverage of the Council's operations and, therefore, has authority to:
  - enter council premises or land at any time, subject to any statutory or contractual restrictions that may apply, e.g. health and safety
  - access all records, documents, correspondence, information and data relating to all areas of the Council regardless of how the

information is held and to remove any such records as is necessary for the purposes of their work (including that of the Council's agents and contractors)

- require and receive such explanations as are necessary concerning any matter under examination
  - require any employee or agent of the Council to produce cash, stores or any other Council property under their control
3. This access also applies to:
- organisations which are wholly or partly owned by the Council
  - organisations to whom the Council has given grants;
  - organisations with whom the Council contracts and
  - partner organisations in any scheme for which the Council has responsibility as lead body.
4. Internal Audit has direct access and the right of report to the Chief Executive, Chief Officers, Heads of Service, the Monitoring Officer, the Council's External Auditors, the Cabinet, the Leader, the Cabinet member with responsibility for Audit and the Chair of the Audit Committee.

#### 24. Annual Governance Statement

1. The Accounts and Audit Regulations 2003 established requirements related to the systems of internal control and the review and reporting of those systems. CIPFA has issued guidance to assist authorities to establish proper practices and procedures to satisfy these requirements.
2. The council's objectives, its internal organisation and the environment in which it operates are continually evolving and, as a result, the risks faced are continually changing. A sound system of internal control, therefore, depends on a thorough and regular evaluation of the nature and extent of the risks to which the council is exposed.
3. The CFO is responsible for ensuring that the financial management of the council is adequate and effective and that the council has a sound system of internal control which facilitates the effective exercise of the council's functions and which includes arrangements for the management of risk.
4. The CFO will conduct a review, at least annually, of the effectiveness of the Council's system of internal control and include a statement that outlines the outcome of that review within the Annual Governance Statement.
5. The Council's Annual Governance Statement will be signed by the Chief Executive and the Leader of the Council. The Audit Committee shall oversee its production and recommend its adoption as part of the Annual Accounts.

## 25. Risk Management

1. The CFO is responsible for the development, monitoring and review of the Council's risk management policy, which will be approved by Cabinet, and is the Council's principal risk management adviser and co-ordinator.
2. Each Chief Officer is responsible for identifying, assessing, controlling and recording risks on a quarterly basis within his/her Service.
3. The Head of Internal Audit, working with each Chief Officer, will review Service risks on an annual basis.

## 26. Preventing Fraud and Corruption

1. All Council officers, councillors, agents, contractors and strategic partners have responsibilities to protect the funds they administer on behalf of the Council. Council resources must be administered to the benefit of the taxpayer and not for the inappropriate personal benefit of any of the above.
2. The CFO will be consulted by the chief internal auditor on the development and review of any Anti-Fraud and Anti-Corruption Policy.
3. Officers, councillors, agents or contractors of the Council have a responsibility to bring any suspected fraud, corruption or to the attention of the chief internal auditor, the CFO or any Chief Officer as set out in any Anti-Fraud and Corruption Policy which the Council has in place.
4. Chief Officers will notify the Chief Executive, the Monitoring Officer, and the CFO of any suspected fraud, theft, irregularity, improper use or misappropriation of council property or resources. Any suspected fraud, bribery, corruption or loss will be investigated in accordance with the Council's Anti Fraud and Anti-Corruption Policy.

## 27. Insurance

1. The Council arranges and manages insurance cover for specific risks and determines what is the most appropriate package of internal (self-funded) and external insurance. This statement must be qualified by noting that School Governing Bodies are able to exercise choice over how they purchase insurance (subject to meeting minimum standards and limits of indemnity laid down by the Council) and are not bound to remain within the centrally arranged insurance policies or self-funded provisions if they wish to effect separate arrangements. The Council's rights and interests must be named on all insurance policies held, irrespective of who has made the original arrangements.
2. The Council purchases insurance for the following classes of insurable risk;

- fire and associated risks for all buildings which the Council owns, or for which it has accepted legal responsibility by way of a lease or licence
  - all public and employers' liabilities, including libel and slander, professional indemnity, officials' indemnity and land charges
  - personal accident cover for risk of assault on employees of the Council and for injury to Council Members and authorised volunteers
  - motor vehicles – comprehensive cover on all Council vehicles, together with contingent liability cover for use of privately owned vehicles used on official business
  - pecuniary loss (money, fidelity guarantee and cheques indemnity)
  - costs of reinstatement and recovery of ICT infrastructure and systems
3. Under the direction of the Chief Financial Officer, the Insurance Section is responsible for preparing specifications, obtaining quotations, procuring cover, negotiating claims and maintaining the necessary records in line with the insurance strategy and for ensuring that the contracting process is conducted in accordance with the prescribed requirements. A register of all insurance policies held and a full record of what property and risks are covered is held within the insurance service.
  4. Chief Officers must ensure that prompt notification is provided to the Insurance Manager of all new risks, property, vehicles and other assets or contractual obligations which require to be insured and alterations that may affect existing insured risks (including closure of buildings, sale of vehicles or disposals of other insured assets).
  5. Chief Officers are responsible for reporting any event, loss, liability or damage that may result in an insurance claim and give full and timely assistance with the conduct of any investigation that may follow.
  6. Advice must be sought immediately from Insurance Team if there is a suspicion that a civil legal action is in prospect. Civil procedure rules and protocols must be strictly adhered to in order to avoid cost penalties or unnecessary litigation expenses. Employees and other persons must not attempt to negotiate a settlement, give interviews, make statements or offer to pay compensation in any way that may prejudice any subsequent civil legal action that may be brought against the Council.

## 28. Asset Management

1. The responsible Chief Officer will produce a five-year Corporate Asset Management Plan for the purpose of the overall strategic management of the Council's assets. This will be updated on an annual basis.

2. The responsible Chief Officer will ensure that procedures are put in place for the safeguarding and security of the Council's assets, including the keeping of asset registers; a terrier of land and property; inventories of furniture, fittings and equipment; and stores records.
3. Chief Officers are responsible for ensuring the proper use and safeguarding of assets owned by the Council or for which the Council has responsibility. This requirement applies to all assets, including stocks, stores, furniture, equipment, vehicles, cash, land and buildings, software and information that are owned by, or are in the possession of the Council and for which the Council is responsible.
4. The responsible Chief Officer will ensure that detailed arrangements are put in place for the disposal of assets. All sales or purchases of land and buildings will be undertaken in accordance with the scheme of delegation.
5. Valuation of Assets will be in line with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom. Sale of Assets will be at market value unless special circumstances have been agreed.
6. The relevant Chief Officer must consult with the CFO before the purchase of land and buildings, which is then subject to relevant member approval.
7. Officers with access to the Councils Assets will undertake the following:
  - ensure no assets are subject to personal use without proper authority
  - ensure cash holdings or valuable items on premises is kept to a minimum and held securely
  - where safes or similar are in place keys should be kept on the responsible person and any loss reported as soon as possible

## 29. Disposal of Land, Property and Surplus Assets

1. All land and property except for former Council houses sold to tenants, or other property likely to exceed £5,000 in value, which have been declared surplus to requirements must be sold either by auction with a reserve price, or by competitive tender, unless the Council specifically determines otherwise.
2. Before inviting tenders or instructing an auctioneer for the sale of land or property, a valuation shall be obtained from the Estates function or an independent qualified Valuer, and in the case of a sale by auction, this valuation shall be the reserve price.
3. Competitive tender shall normally dispose of all other surplus assets unless the CFO determines otherwise in a particular case.

### 30. External Arrangements

1. Local authorities provide an important leadership role for the community and bring together the contributions of the various stakeholders. They must also act to promote and improve the economic, social and environmental wellbeing of their respective areas.
2. The Cabinet is the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs.
3. Cabinet functions including those related to partnerships can be delegated to officers. These are set out in the scheme of delegation that forms part of the Constitution. Where functions are delegated, the Cabinet remains accountable for them to full council.

### 31. Work for Third Parties

1. The CFO or his / her nominee must be advised of all work for third parties opportunities available to the Authority and of the lead Officer in each circumstance.
2. The lead Officer must provide such information as requested by the CFO, including copies of proposed agreements and conditions and any financial implications (including match funding requirements or ongoing revenue costs).
3. All work for third parties must be authorised by the CFO, or his / her nominee prior to agreement to undertake this work by the Authority. Approvals for this work must be in accordance with the Contract Procedure Rules in Part 9.6 Constitution.
4. The CFO or his / her nominee must be notified of the outcome of any bids to work for third parties at the earliest opportunity and successful bids to work for third parties will be reported to Cabinet as part of the normal monitoring reports.
5. The CFO is responsible for ensuring that all income receivable from third parties is received and properly recorded in the Council's accounts.
6. The Chief Officer responsible for the lead Officer must ensure that all contractual conditions are met

### 32. Significant Partnerships

1. A significant partnership is one that is material in terms of the amount of money involved and/or the level or nature of service delivery concerned and/or the level of control exercised.
2. The purpose of this protocol is to enable the council, with its Partners, to ensure that the partnerships it works in are appropriate and have good governance.

3. This protocol identifies:
  - how the Council defines a partnership
  - why the Council enters and engages in partnerships
  - definition of a partnership and what constitutes a significant partnership
  - tools for identifying, managing and supporting partnerships arrangements including good governance
4. Where the Council is the lead authority for a partnership the Council's Financial Procedure Rules and Contract Procedure Rules will apply to operation of the business of that partnership.
5. The CFO will ensure that:
  - the accounting arrangements for partnerships and joint ventures are satisfactory, that the governance and legal issues have been satisfactorily addressed, and that the risks have been fully appraised
  - the Partnership Agreements contain details of how resources will be pooled and what controls will be operated in respect of partnership spending to avoid waste
  - that the Council's budgets contain sufficient provision for its match funding obligations and that all external funding due to the Council is received and properly recorded
6. Chief Officers are responsible and accountable for the governance arrangements, performance and financial monitoring of each partnership and will ensure that:
  - a record of the partnership arrangement is produced
  - all necessary approvals have been secured before concluding any negotiations with external parties
  - Any financial relationship must be documented and approved along with a risk assessment
  - that conditions attached to any external funding are properly complied with, that such conditions have been agreed with the CFO or Cabinet as appropriate, and that claims are processed by the due date
  - the CFO has access to the accounts and records, and has the right to seek explanations in order to monitor deployment of the Council's funding
  - Internal Audit has access rights to all officers, buildings, information in order to fulfil its role
  - a register is maintained of all contracts entered into
7. Prior to any appointments being made to any third party organisation (whether as a member, trustee, shareholder, director or similar position), advice should be sought from the Monitoring Officer and the CFO.



### 33. Stores & Inventories

1. Each Chief Officer or Head of Service of each department shall be responsible for the care and custody of stores in their department and shall have all such stores checked independently of the storekeeper at least on one occasion in each financial year
2. Stores shall not be held in excess of reasonable requirements.
3. Adjustments to write-off deficiencies over £1,000 in value shall be subject to the approval of the CFO. Cabinet will be required to write-off sums over £25,000.
4. Competitive tender shall dispose of surplus or obsolete stores unless the Chief Executive decides otherwise in a particular case.
5. Inventories of the Council's furniture, fittings, equipment and machinery shall be kept and checked on at least one occasion in each financial year by the member of the Corporate Management Team responsible for the service concerned. (Individual items with a value of £1,000 or less need not be included therein).

### 34. External Funding

1. Before committing the Council to any externally funded projects, Chief Officers must consult with the CFO on the anticipated financial, risk and probity implications of the projects and ensure adherence to any subsequent terms laid down by the CFO.
2. The Chief Officer is responsible for ensuring that all necessary approvals are obtained before external funding agreements are concluded, and that subsequent grant claims submitted to external funders are lawful, accurate, in accordance with the funders eligibility criteria and submitted with due regard to the Council's continuing commitment to the project.
3. Where the use of external funding for projects requires a financial commitment from the Council and budget provision is not available, or where the acceptance of external funding would lead to a financial commitment beyond the current year, the Chief Officer, in conjunction with the CFO, will provide a written report to the Cabinet giving a full appraisal of the financial implications for the Council of the scheme both in the current year and beyond. This report should also set out the ways that the external funding sought supports the Council's service priorities.
4. Once agreed, written approval must be obtained from the funder which clearly shows the approved allocation, the purpose of the grant and the financial period to which it relates.
5. Each Chief Officer will nominate a named responsible officer to be accountable for the performance and financial monitoring of each project. The named responsible officer will ensure that, prior to

submission of a grant claim, all expenditure declared is eligible in accordance with the relevant funder's criteria, including purposes and deadlines and there is sufficient time for the CFO to certify the grant claim.

6. Where funding is used to support additional service provision or contributes to existing service provision then the Chief Officer responsible should have an exit strategy in place to deal with the expiry of the grant.
7. Grant claim working papers should be maintained in a form agreed by the CFO.

### 35. Organisations Partly or Wholly Owned by the Council (trusts, not-for-profit organisations, charities)

1. This requirement applies to the development and ongoing business undertakings of an organisation which is to be partly or wholly owned by the Council, and includes company structures such as a Limited Liability Partnership, Private Company limited by Guarantee, Community Interest Company, Not-for-profit Entity and Charity.
2. When developing any organisation which is partly or wholly owned by the Council, the relevant Chief Officer, Monitoring Officer and the Chief Financial Officer will need to satisfy themselves that the constitution of the relevant body is adequate to safeguard the interests of the Council, and that councillors and officers are constrained in their decision making powers while participating in such bodies by Part 9 of the Constitution, or any other formal delegation.
3. The relevant Chief Officer must ensure a full business case is prepared in the development any new organisation partly or wholly owned by the Council, which must consider all short term and medium term financial aspects of operation.
4. Before the Business Case is submitted for approval by Cabinet, the CFO must be satisfied that the new organisation will be affordable, offers value for money, has suitable tax planning arrangements, and manages risk appropriately.
5. Prior to any appointments being made to any third party organisation (whether as a member, trustee, shareholder, director or similar position), advice should be sought from the Monitoring Officer and the CFO.
6. Once operational, these organisations are required to follow these key financial principles:
  - compliance with the Councils Constitution and Finance Procedure Rules

- compliance with the Council's MTFP, Capital Strategy and Budget setting process as instructed by the form and timetable set out from the Council's CFO
  - the appointment of a Finance Director reporting to the Council's CFO.
  - an annual agreement with the Council's CFO on any matters relating to risk share, earmarked reserve policy and distribution of dividends
  - supporting the Council through its commissioning arrangements when necessary to identify ways to reduce costs and become more efficient
  - to be both aware and compliant with the Council's statutory and financial duties where relevant and applicable to their various service functions and obligations.
7. Where these organisations are separate legal entities and the Council is required to purchase services from these entities. Transactions should therefore be undertaken in the same way as with an external provider.
  8. The contract value and ongoing services relating to these organisations will be set out in service level agreements. Any services to be purchased from the Council will be delivered in accordance with the service level agreements.
  9. Additional services may be requested either by the Council or the organisation outside of these service agreements. Additional services will require payments to be made between the Council and the organisation, and work should always reflect value for money and be approved by the Chief Officer and CFO and be approved by the relevant Chief Officer and the Chief Financial Officer of the Council.
  10. The CFO and Monitoring Officer will have unfettered access to all financial information requested required to fulfil his / her statutory obligations.

### 36. Voluntary Funds and Trustees

36. The CFO is responsible for trust funds and ensures that funds are only drawn down for the purposes intended by the Trustees and that accounts are prepared and audited each year.
1. All trust funds, funds held for third parties and other voluntary (unofficial) funds must be approved by the CFO. A voluntary fund is defined as any fund, other than an official fund for the Council, which is controlled wholly or in part by an officer by reason of his or her employment by the Council. Such funds should be separately identified but held, where possible, in the name of the Council.

### 37. Schools

The Financial Procedure Rules for Schools applies to maintained schools within West Northamptonshire and these schools should conduct their financial affairs in accordance with the Financial Procedures for Schools.

### 38. Business Continuity & Emergency Planning

1. Chief Officers through their managers are responsible for ensuring the continuity of their services and providing guidance on the appropriate service priorities to aid planning and recovery of services, if a critical incident was to occur.
2. All officers should follow the council's requirements in relation to Emergency Planning which set out the minimum standards required to help deliver and maintain Emergency Planning and Business Continuity within the Council, with the objective to effectively and efficiently mitigate against, prepare for, respond to, and recover from any critical incident.
3. Nothing in these Rules or financial procedures shall prevent expenditure being incurred where an emergency or disaster involving destruction of, or danger to, life or property occurs or is imminent.
4. Where the relevant Chief Officer considers, where possible following consultation with the relevant Portfolio Holder, Chief Executive and the CFO, the urgency of the situation will not permit delay, necessary expenditure may be incurred. Action under this paragraph shall be reported at the next available meeting of the Chief Officers, Cabinet, and Audit Committee.

# **PART 10**

## **Interim Arrangements**



## **PART 10 CONSTITUTION – INTERIM ARRANGEMENTS**

### **8.1 Introduction**

- 8.1.1 This article shall only apply during the Interim Period. For the purposes of this article “the Interim Period” is the period 1 April 2021 to 10 May 2021 inclusive or the fourth day after the election whichever is the latter.
- 8.1.2 An exception to this, is for the Chair of the Council, where the Interim Period will end when a new Chair has been appointed at the Annual Meeting.

### **8.2 Interim Period Definitions**

- 8.2.1 In this Article:

“**Predecessor Council**” means a Council dissolved on 1 April 2021 by Articles 4 and 5 of the Order

“**The Order**” means The Northamptonshire (Structural Changes) Order 2020

“**The Shadow Authority**” means the Shadow West Northamptonshire Authority as defined by Article 6 of the Order.

### **8.3 Interim Arrangements**

- 8.3.1 During the Interim Period the other provisions of this Constitution will be modified by the arrangements in this Part.
- 8.3.2 If there is any uncertainty about the interpretation or application of this Part, the decision of the Monitoring Officer shall be determinative.

### **8.4 Members of the Council**

- 8.4.1 The Council shall be made up of those Members of the Shadow Authority as defined by Article 6 of the Order who as at 31 March 2021 made up the Shadow Authority.
- 8.4.2 The quorum of a meeting of the Council shall be the same as for the Shadow Authority as defined by Article 6 of the Order.

### **8.5 Chair and Vice-Chair of the Council**

- 8.5.1 The Chair and Vice-Chair of the Council shall be the Chair and Vice-Chair of the Shadow Authority as at 31 March 2021.
- 8.5.2 The Chair will remain until a new Chair has been appointed.

### **8.6 Executive**

- 8.6.1 Unless replaced in accordance with the Order:
- a. The Leader of the Council shall be the Leader of the Shadow Authority as at 31 March 2021

b. The Cabinet shall be made up of those members of the Shadow Executive as defined by Article 7 of the Order who as at 31 March 2021 made up the Shadow Executive

c. The quorum of a meeting of the Cabinet shall be the same as for the Shadow Executive of the Shadow Authority.

## **8.7 Overview and Scrutiny Committee**

8.7.1 During the Interim Period, the Council will have one Overview and Scrutiny Committee consisting of those Councillors who have been appointed to the Shadow Overview and Scrutiny Committee as at 31 March 2021.

8.7.2 Until the Annual Council the Overview and Scrutiny Committee shall have powers of call-in of Cabinet decisions in accordance with the Shadow Constitution. Otherwise Overview and Scrutiny work will begin after the Annual Council Meeting immediately following the election.

8.7.3 The quorum of a meeting of the Overview and Scrutiny Committee shall be the same as the quorum of the Shadow Overview and Scrutiny Committee.

## **8.8 Standards Committee**

8.8.1 During the Interim Period, the Standards Committee will consist of those Councillors who have been appointed to the Standards Committee as at 31 March 2021.

## **8.9 Senior Appointments**

8.9.1 During the Interim Period, Senior Appointments are an Executive function and will be carried out by the Executive.

## **8.10 Other Committees**

8.10.1 During the Interim Period, the Council shall have the following other Committees which will operate in accordance with this Constitution:

8.10.2 Three Development Management Committees which will be the same as and cover the areas of the planning work of the four Development Management Committees of the Predecessor Councils. and will be made up of those Councillors appointed by the Predecessor Councils as at 31 March 2021.

8.10.3 Such a committee will determine any application in accordance with the policies, practices and scheme of delegation which applied to that committee at 31 March 2021.

8.10.4 Three Licensing Committees which will be the same as and cover the areas of the licensing work of the four Licensing Committees of the Predecessor Councils. and will be made up of those Councillors appointed by the Predecessor Councils as at 31 March 2021.



- 8.10.5 Such a committee will determine any licensing matter in accordance with the policies, practices and scheme of delegation which applied to that committee at 31 March.
- 8.10.6 Membership of Licensing Sub-Committees will be selected by the Monitoring Officer or their nominated representative on a rota basis, taking account of experience, political balance and interests, and to reflect training on the relevant policies being applied to applications in respect of the Predecessor Council areas.
- 8.10.7 An Audit Committee will be convened if required by the Monitoring Officer consisting of the Chairman or Vice-Chairmen of the Predecessor Councils' committees with audit functions as at 31 March 2021, with a minimum of three members.