



Appendix C

FINANCIAL AND CONTRACT PROCEDURE RULES

1. Scheme of Financial Management

1.1 The Chief Finance Officer in consultation with the LGSS: Director of People, Transformation and Transactionsshall prepare, maintain and review the Council's Scheme of Financial Management.

1.2 The Scheme of Financial Management shall:

(a) include Financial Regulations that detail fully the responsibilities of officers in ensuring the proper administration of the Council's financial affairs;

(b) include ~~Contract~~Procedure Rules~~Regulations~~that detail fully the responsibilities of officers in ensuring that contract procedures comply with legal requirements, achieve value for money, promote public accountability and deter corruption;

(c) be consistent with the Scheme of Delegation to Officers – and the associated financial limits – set out in Part 3D of this Constitution and the Budget and Policy Framework Procedure Rules and these Financial and Contract Procedure Rules.

1.3 The Financial Regulations are shown in Annex 1; the Contract Procedure Rules are shown in Annex 2.

2. Virement

2.1 The budget framework will be expressed in four blocks of Children Family and Adults; Corporate Services and LGSS Managed Budgets; Public Health;and Economy, Transport and Environment Services.

2.2 The General Purposes Committee may authorise:

(a) unlimited budget virement within each block provided there is no change in the approved budget framework of the Council;

(b) budgetvirement between blocks up to a total in any one year of 1% of an individual block provided there is no change in the overall approved budgetframework of the Council.

2.3 The Council must determine virement within or between blocks associated with a change in the overall approved budgetframework.



- 2.4 Exceptions for which virement approval regulations do not need to be adhered to are:
- When the purpose for which the funding will be used has not changed
 - Following a pre-approved decision incorporated into the Business Plan as the result of a decision by the appropriate committee or by Full Council.
- 2.5 Where the Chief Finance Officer considers that any proposed virement causes a variation to existing policy, s/he may require the Executive, Corporate or Service Director to present a report to the General Purposes Committee setting out the reasons for the virement.
- 2.6 An Executive, Corporate or Service Director may incur expenditure which is essential to meet any immediate needs created by a sudden emergency, subject to this action being reported immediately to the Chief Executive and the Chief Finance Officer, and to the next General Purposes Committee.
- 2.7 When a sudden emergency arises, Executive, Corporate or Service Directors must keep a separate record of the essential expenditure incurred in connection with the emergency until advised by the Chief Finance Officer that separate records are no longer required.
3. **Financial Control**
- 3.1 Subject to the above virement rules, the General Purposes Committee is accountable to the Council for ensuring there is no overspend on the four budget blocks.
- 3.2 The General Purposes Committee shall publish regular reports showing significant virement actioned and projected year-end spending compared to the approved budget.
- 3.3 Underspends and overspends on the four budget blocks shall be carried forward from one year to the next, except for the following items which will be credited/debited to balances:
- (a) interest and capital financing costs; and
 - (b) highways winter maintenance; and
 - (c) precepts.

Apart from the three exceptions a) to c) above, any underspend against the original cash limit for the year, as set by Council, as part of the Business Plan should be retained within a Directorate Reserve. The utilisation of this sum shall be agreed between the relevant Executive/Corporate Director and the Chief Finance Officer by the end of June of the following financial year. Any element of the reserve not supported by an agreed programme will be transferred to the General Reserve at that point.



Any changes to this carry forward rule must be approved by the Council, except where they arise from a statutory requirement.

- 3.4 Where a committee wishes to take a course of action which has financial implications contrary to the advice provided by the Chief Finance Officer, the Chief Finance Officer may submit a report to this effect to the General Purposes Committee.

4. Fees and Charges

- 4.1 All scales and levels of charges shall be reviewed annually.

5. Trading Units

- 5.1 Trading Units shall be defined annually within the budget framework.

- 5.2 Trading Unit surpluses will be applied:

- (a) up to 50% may be retained by the Trading Unit for future investment in the business or for contingency purposes;
- (b) the balance shall be credited to the relevant budget block.

- 5.3 Trading Unit deficits shall be met from their own contingency funds or surplus generated in the following year. If losses cannot be so recovered the deficit shall be debited to the relevant budget block.

6. Tendering Requirements

- 6.1 These requirements cover any arrangement under which the Council pays or receives money or equivalent value except* a contract
- of employment making an individual a direct employee of the Council; or
 - to convey or acquire an interest in land (land transactions).

- 6.2 The Contract ~~Procedure Rules~~ Regulations [see Annex 2] in the Scheme of Financial Management identify requirements for tendering and purchasing on behalf of the Council; further information is contained in the ~~Contract Regulations~~, available on the Council's website, with the Financial Regulations, under Part 3 of the Constitution at www.cambridgeshire.gov.uk/council/democracy/constitution/.

7. Exemptions

- 7.1 Exemptions to the Tendering Requirements* in these Financial and Contract Procedure Rules and/or to the requirements of the Contract* Regulations Procedure Rules in the Scheme of Financial Management may be authorised:

- (a) by officers only in accordance with the Scheme of Delegation to Officers set out in Part 3 of this Constitution and the detailed requirements of Contract Regulations in the Scheme of Financial Management; or



- (b) in **exceptional circumstances**, by the General Purposes Committee – any such decision may be a “key decision” in accordance with Article 12 of this Constitution.*

*Note to Constitution and Ethics Committee – the underlined words ‘except’ in Rule 6.1, and ‘Tendering Requirements’ and ‘Contract’ in Rule 7.1 are underlined in the original document, not proposed changes.