

Financial and Contract Procedure Rules

1. Scheme of Financial Management

- 1.1 The Section 151 Officer shall 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 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 People and Communities; Place and Economy; Corporate Services; and Public Health.
- 2.2 The Strategy, Resources and Performance Committee may authorise:
- (a) unlimited budget virement within each block provided there is no change in the approved budget framework of the Council;
 - (b) budget virement 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 budget framework of the Council.
- 2.3 The Council must determine virement within or between blocks associated with a change in the overall approved budget framework.
- 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 Section 151 Officer considers that any proposed virement causes a variation to existing policy, they may require the executive or service director to present a report to the Strategy, Resources and Performance Committee setting out the reasons for the virement.
- 2.6 An executive 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 Section 151 Officer, and to the next Strategy, Resources and Performance Committee.
- 2.7 When a sudden emergency arises, executive or service directors must keep a separate record of the essential expenditure incurred in connection with the emergency until advised by the Section 151 Officer that separate records are no longer required.

3. Financial Control

- 3.1 Subject to the above virement rules, the Strategy, Resources and Performance Committee is accountable to the Council for ensuring there is no overspend on the five budget blocks.
- 3.2 The Strategy, Resources and Performance Committee shall publish regular reports showing significant virements actioned and projected year-end spending compared to the approved budget.
- 3.3 At the end of the financial year, any service outturn under or overspends will be balanced to the General Fund reserve.
- 3.4 Where a committee wishes to take a course of action which has financial implications contrary to the advice provided by the Section 151 Officer, the Section 151 Officer may submit a report to this effect to the Strategy, Resources and Performance 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 [see Annex 2] in the Scheme of Financial Management identify requirements for tendering and purchasing on behalf of the Council.

7. Exemptions

7.1 Exemptions to the tendering requirements in these Financial and Contract Procedure Rules and/or to the requirements of the Contract 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 Assets and Procurement Committee – any such decision may be a “key decision” in accordance with Article 12 of this Constitution.