

ARTICLE 14 - FINANCE, CONTRACTS AND LEGAL MATTERS

This Article makes reference to the Council's financial and contracts procedure rules (which are set out in full later in the document).

The relevant legislation is Sections 135, 151, 223 and 234 of the Local Government Act 1972 and Part VIII of the Local Government Finance Act 1988.

14.01 Financial management

The management of the Council's financial affairs will be conducted in accordance with the financial procedure rules set out in [Appendix 1](#) of this Article.

14.02 Contracts

Every contract made by the Council will comply with the Contracts Procedure Rules set out in [Appendix 2](#) of this Article.

14.03 Legal proceedings

The Monitoring Officer is authorised to institute, defend or participate in any legal proceedings in any case where such action is necessary to give effect to decisions of the Council or in any case where the Monitoring Officer considers that such action is necessary to protect the Council's interests.

14.04 Authentication of documents

Where any document is necessary to any legal procedure or proceedings on behalf of the Council, it will be signed by the Monitoring Officer or other person authorised by him/her, unless any enactment otherwise authorises or requires, or the Council has given requisite authority to some other person.

14.05 Common Seal of the Council

The Common Seal of the Council will be kept in a safe place in the custody of the Monitoring Officer. A decision of the Council, or of any part of it, will be sufficient authority for sealing any document necessary to give effect to the decision. The Common Seal will be affixed to those documents which in the opinion of the Monitoring Officer should be sealed. The affixing of the Common Seal will be attested by the Monitoring Officer or some other person authorised by him/her.

14.05.01 Where in the Constitution, or any of its parts, the context so admits, the terms "Common Seal" and "sign" shall be deemed to include a physical seal, or electronic seal, at the discretion of the Monitoring Officer, and those authorised by him/her, and an electronic signature at the discretion of those officers called upon to sign.

NORTH EAST LINCOLNSHIRE COUNCIL

FINANCIAL REGULATIONS & PROCEDURE RULES

December 2025

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Section 1

NORTH EAST LINCOLNSHIRE COUNCIL

Financial Regulations

1 Introduction

- 1.1 North East Lincolnshire Council is a local authority providing a diverse range of services to its residents. It works in partnership with parish and town councils, police, probation, Integrated Care Systems, and several other organisations.
- 1.2 North East Lincolnshire Council's governance is laid down in its Constitution, which sets out how the Council operates, how decisions are made, and the procedures that are followed. This document forms part of the Constitution and should be read in conjunction with it.
- 1.3 The Council must conduct its business efficiently and ensure it has sound financial management policies in place, including arrangements to monitor compliance. The Council's statutory Section 151 Officer is also charged with ensuring that proper financial management processes are in place.
- 1.4 The financial regulations provide clarity about the financial accountabilities of individuals. Each of the financial regulations sets out the overarching financial responsibilities which must be followed by those acting on the Council's behalf.

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- 1.5 A detailed set of financial procedure rules supports the overarching financial responsibilities set out in this document. These financial procedure rules are included in Appendices A to F and form part of the Authority's financial regulations. Under the financial regulations, other financial instructions and guidance manuals may be issued from time to time as considered appropriate by the Councils S151 Officer, such guidance will have the force of financial regulations.
- 1.6 All financial decisions and decisions with financial implications must have regard to proper financial control. Any doubt as to whether a financial proposal is appropriate, or whether a financial action is correct, must be clarified in advance of the decision or action with the Councils S151 Officer.
- 1.7 Failure to follow financial regulations or financial instructions issued by the Councils S151 Officer may result in action under the Council's disciplinary procedures.

2 Status of the Financial Regulations

- 2.1 Financial Regulations provide the framework for managing the financial affairs of North East Lincolnshire Council. They apply to every councillor and officer of the Council and anyone acting on its behalf.

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- 2.2 The regulations identify financial responsibilities of individuals - Cabinet Members, Council Members, Officers, the Head of Paid Service, the Monitoring Officer, S151 Officer, and other Directors. Cabinet Members and Directors should maintain a written record where decision making has been delegated to members of their staff, including seconded staff. Where decisions are so delegated, the officer to whom the decision has been delegated must provide sufficient information to the Cabinet Member or Director on request to give assurance that tasks or decisions have been performed in accordance with the Financial Regulations. Where decisions have been delegated or devolved to other responsible officers, such as school governors, references to the Director in the regulations should be read as referring to them.
- 2.3 All Members and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, is properly authorised, and provides value for money.
- 2.4 The Councils S151 Officer is responsible for maintaining a continuous review of the financial regulations and submitting any additions or changes necessary to the full Council for approval. The Councils S151 Officer is also responsible for reporting, where appropriate, breaches of the financial regulations to the Council and/or to Cabinet.
- 2.5 Directors are responsible for ensuring that all staff in their departments are aware of the existence and content of the authority's financial regulations and other internal regulatory documents and that they comply with them. Any person charged with the use or care of the Authority's resources and assets should inform him or herself of the Authority's requirements under the financial regulations. Any queries should be referred to the Councils S151 Officer.
- 2.6 All Directors should ensure that any financial procedures/guidelines produced by their service areas in support of financial control are fully compliant with the financial regulations. The agreement of the Councils S151 Officer should be obtained for the development of such financial procedures.

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- 2.7 The Councils S151 Officer is responsible for issuing advice and guidance to underpin the financial regulations that Members, officers, and others acting on behalf of the authority are required to follow.
- 2.8 All employees must report to their manager, supervisor, or other responsible Senior Officer any illegality, impropriety, breach of procedure or serious deficiency discovered in the following of financial procedures or financial regulations; managers must record and investigate such reports and notify the Councils S151 Officer and Head of Audit and Assurance where it appears that a breach has occurred.
- 2.9 Any proposals for changes or amendments to the financial regulations should be forwarded to the Councils S151 Officer for consideration.
- 2.10 Employees handling income and financial transactions for non-North East Lincolnshire Council accounts must adopt standards which are as high as those set out in these financial regulations in the administration of such accounts. This is highly prevalent in establishments such as the Fishing Heritage Centre and Cleethorpes Tourist Information as well as others.

3 Financial Regulation A: Financial Management

INTRODUCTION

- 3.1 Financial Management covers all financial accountabilities in relation to the running of the Council, including the Budget and Policy Framework.

THE FULL COUNCIL

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- 3.2** The full Council is responsible for adopting the Authority's Constitution and Members' Code of Conduct and for approving the policy framework and budget within which the Executive operates. It is also responsible for approving and monitoring compliance with the Authority's overall framework of accountability and control. The framework is set out in the Constitution. The full Council may make decisions outside the Budget and Policy Framework in accordance with section 3 of the Budget and Policy Framework Procedure Rules and part 4 of the Constitution. The full Council is also responsible for monitoring compliance with the agreed policy and related executive decisions.
- 3.3** The full Council is responsible for approving procedures for recording and reporting decisions taken. This includes those key decisions delegated by and decisions taken by the Council and its committees and by the Cabinet. These delegations, and details of who has responsibility for which decisions, are set out in the Constitution.

THE CABINET (EXECUTIVE)

- 3.4** The Cabinet is responsible for submitting proposals to full Council in respect of the budget and those plans/strategies that fall within the policy framework, and for discharging executive functions in accordance with the Constitution.
- 3.5** Executive decisions can be delegated to a Committee of the Executive, an individual Executive Councillor, an Officer, or a Joint Committee.
- 3.6** The Constitution sets out clear principles of decision making to ensure that individual Cabinet Members consult with relevant officers before taking a decision within their delegated authority. In doing so, the individual Member must take account of legal, human resources and financial liabilities and risk management issues that may arise from the decision.

COMMITTEES OF THE COUNCIL

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- 3.7** The role and responsibilities of other Committees (including Audit and Governance Committee, regulatory committees and scrutiny committees) are set out elsewhere in the Constitution.

THE STATUTORY OFFICERS

Head of Paid Service (Chief Executive)

- 3.8** The Head of Paid Service is responsible for the corporate and overall strategic management of the Authority's staff. They must report to, and provide information for, the Cabinet, the full Council, the Overview and Scrutiny Committee and other committees. They are responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation. The Head of Paid Service is also responsible, together with the Monitoring Officer, for the system of record keeping in relation to all the full Council's decisions.

Monitoring Officer (Assistant Director Law and Governance)

- 3.9** The Monitoring Officer is responsible for promoting and maintaining high standards of conduct and therefore provides support to the Standards Committee. The Monitoring Officer is also responsible for reporting any actual or potential breaches of the law or maladministration to the full Council and/or to the Cabinet, and for ensuring that procedures for recording and reporting key decisions are operating effectively.
- 3.10** The Monitoring Officer must ensure that Cabinet decisions and the reasons for them are made public. They must also ensure that Council Members are aware of decisions made by the Cabinet and of those made by officers who have delegated executive responsibility.
- 3.11** The Monitoring Officer is responsible for advising all councillors and officers about who has authority to take a particular decision.

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3.12 The Monitoring Officer is responsible for advising the Cabinet or full Council about whether a decision is likely to be considered contrary or not wholly in accordance with the policy framework.

3.13 The Monitoring Officer, together with the S151 Officer is responsible for advising the Cabinet or full Council about whether a decision is likely to be considered contrary or not wholly in accordance with the budget. Actions that may be 'contrary to the budget' include:

- initiating a new policy or acting outside a current policy with budget implications,
- committing expenditure in future years to above the budget level,
- incurring interdepartmental transfers above virement limits,
- causing the total expenditure financed from council tax, grants and corporately held reserves to increase, or to increase by more than a specified amount.

3.14 The Monitoring Officer is responsible for maintaining an up-to-date constitution.

Section 151 Officer

3.15 The Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority. These statutory responsibilities cannot be overridden or subject to direction by the Council. The statutory duties arise from:

- Local Government Act 1972 (Section 151)
- Local Government Finance Act 1988
- Local Government and Housing Act 1989
- Local Government Act 2003
- Accounts and Audit Regulations 2015

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- ensuring the proper administration of the Authority's financial affairs,
- determining and agreeing the accounting procedures and records for the Authority,
- setting the financial management standards and monitoring compliance with them,
- advising on the corporate financial position and on the key financial controls necessary to secure sound financial management,
- ensuring the provision of financial information,
- preparing the revenue budget (in conjunction with Directors) and capital programme.
- treasury management,
- reporting on the adequacy of reserves and the robustness of the budget estimates when the annual budget is being considered,
- ensuring the existence of a medium-term financial plan.

3.17 Section 114 of the Local Government Finance Act 1988 requires the Section 151 Officer to inform the Cabinet and external auditor if the Authority or one of its 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 authority.
- is about to make an unlawful entry in the Authority's accounts.
- it appears to the Section 151 Officer that the expenditure of the Authority incurred (including the expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.

Section 114 of the 1988 Act also requires:

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- The Section 151 Officer to nominate a properly qualified officer to deputise should he/she be unable to perform the duties under Section 114 personally.
- the authority to provide the Section 151 Officer with sufficient staff, accommodation and other resources - including legal advice where this is necessary - to carry out the duties under Section 114.

Directors (Senior Management Team)

3.18 Directors are responsible for:

- ensuring that Members are advised of the financial considerations of all proposals and that the financial implications have been agreed by the Section 151 Officer.
- ensuring that the financial regulations are observed throughout all areas under their control,
- providing the Section 151 Officer with such information and explanations as the Section 151 Officer feels is necessary to meet their obligations under the financial regulations.

3.19 It is the responsibility of Directors to consult with the Section 151 Officer and seek approval on any matter liable to affect the Authority's finances materially, before any commitments are incurred.

OTHER FINANCIAL ACCOUNTABILITIES

Virement

3.20 Virements between budget heads is an integral and important feature of budgetary control. The full Council is responsible for agreeing procedures for virement of expenditure between budget headings.

3.21 Once the Council has approved its revenue and capital budget for the coming year, there will be a brief period of review that will allow virements between

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budgets to be made. Following that, the Section 151 Officer will issue guidance to minimise the processing of virements during the financial year. Examples of permitted virements include:

- to recognise new external funding streams
- to recognise the realisation of budget savings
- transfers to/from corporate contingencies
- transfers between revenue and capital
- permanent transfers between service areas
- to recognise Cabinet/Council decisions
- material adjustments to aid budgetary control (e.g. capital re-profiling)

3.22 Virements (of both revenue and capital) are permitted subject to the following procedures (see A.10 - A.20):

Virement Value	Procedure to be followed
Virements up to £50,000	Such virements on any one budget head (defined in A.11b) during the year may be made by the relevant Director in consultation with the Section 151 Officer.
Proposed virements of between £50,000 & £350,000	Such proposed virements will require the advance approval of the Section 151 Officer and the relevant Cabinet member for the service area.
Proposed virements more than £350,000	Such proposed virements must be reported to Cabinet, and Cabinet approval will be required before the virement can take place.

3.23 In addition to the procedures outlined above, any proposed virement relating to employees' basic pay, national insurance or superannuation should comply with any staffing procedures established by the Head of People and Culture and include approval under delegated matters where appropriate. This is in addition to the approvals required from other officers/Members outlined above.

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3.24 With respect to the Capital Programme, approval is delegated to the Section 151 Officer in consultation with the relevant Cabinet Member to approve:

- re-phasing of capital budgets within approved budget (but across years); and
- amendments to the capital programme in respect of revised capital contributions up to £350,000

All delegations exercised in accordance with the above would be reported to Cabinet in the quarterly monitoring reports.

3.25 Virements may not be broken down into smaller values to circumvent the procedures outlined.

Budget realignment

3.26 The Section 151 Officer will determine whether a change to budgets is a virement (i.e. the budget is reallocated to a purpose other than originally intended) or a re-presentation or restructure where there is no change to the purpose of the spending. From time to time, it may be considered appropriate to realign the budget for part or all a service area, for example if there is a restructure – where the impact is significant or material. It is important that any budget realignment is transparent and that the process can be subject to proper scrutiny.

3.27 The virement rules set out above shall not apply to restructure or representational changes. However, the approval of the Section 151 Officer should be obtained before any such changes are implemented.

Treatment of year-end balances

3.28 The Cabinet is responsible for agreeing procedures in respect of carrying forward under-and overspendings on budget headings in line with the Budget and Policy Framework.

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Accounting policies

- 3.29** The Section 151 Officer is responsible for setting accounting policies in accordance with statute and best practice and ensuring that these are applied consistently throughout the Council. The Audit and Governance Committee must approve any policy changes.

Accounting records and returns

- 3.30** The Section 151 Officer is responsible for determining the accounting procedures and records for the Authority.

The Annual Statement of Accounts

- 3.31** The Section 151 Officer is responsible for ensuring that the Annual Statement of Accounts is prepared in accordance with applicable accounting standards and codes of practice. The Audit and Governance Committee is responsible for making recommendations on approval for the Annual Statement of Accounts.

Sound Financial Management

- 3.32** The Council is responsible for ensuring its financial management is adequate and effective, and that sound systems of risk management are in place (as required by the Accounts and Audit Regulations 2015). The Council is also responsible for ensuring that a budget monitoring system is in place, and if there is a deterioration in the Council's financial position during the year it must consider what action to take to deal with the situation (as required by the Local Government Act 2003).

Budget setting

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- 3.33** The Section 151 Officer has a duty under the Local Government Act 2003 in relation to budget setting. When the Authority is deciding its annual budget and council tax level, Members and officers must consider a report from the Section 151 Officer on the robustness of the budget and the adequacy of the authority's reserves. The Council's commission-based approach integrates service planning and budget setting processes to develop the financial strategy and to ensure that the budget setting process is priority led.

4 Financial Regulation B: Financial Planning

INTRODUCTION

- 4.1** The full Council is responsible for agreeing the Authority's policy framework and budget, which will be proposed by the Cabinet. In terms of financial planning, the key elements are the:
- Council Plan,
 - Budget and Medium-Term Financial Plan,
 - Capital Investment Strategy
 - Treasury Management Policy and Strategy

POLICY FRAMEWORK

- 4.2** The full Council is responsible for approving the policy framework and budget. The policy framework comprises those statutory plans and strategies set out in the Constitution.
- 4.3** The Council's and Cabinet's budget and policy responsibilities are set out in the budget and policy framework procedure rules, contained in the Council's Constitution.

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- 4.4** The Cabinet is responsible for taking in-year decisions on resources and priorities to deliver the budget policy framework within the financial limits set by the Council as part of the budget and policy framework.

BUDGETING

Budget format

- 4.5** The general format of the budget will be proposed by the Cabinet and approved by the full Council on the advice of the Section 151 Officer

Budget preparation

- 4.6** The Section 151 Officer is responsible for ensuring that a revenue budget is prepared on an annual basis together with a medium-term financial plan looking forward for a minimum of three financial years. This will be considered by the Cabinet before submission to the full Council in accordance with the Council's Constitution. The full Council may amend the budget or ask the Cabinet to reconsider it before approving it.
- 4.7** The Cabinet may issue guidance on the general content of the budget in consultation with the Section 151 Officer following approval by the full Council. The Section 151 Officer will issue guidelines on the budget to appropriate officers throughout the Council.

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- 4.8** It is the responsibility of Directors to ensure that accurate budget estimates reflecting agreed service plans are submitted to the Cabinet and that these estimates are prepared in line with guidelines issued by the Section 151 Officer.

Budget monitoring and control

- 4.9** Under the Local Government Act 2003 the Council has a duty to monitor its budget during the year. If, because of this monitoring, it appears that there has been deterioration in its financial position, the Council must take action to deal with the situation.
- 4.10** The Section 151 Officer is responsible for providing appropriate financial information and guidance to enable budgets to be monitored effectively. The Section 151 Officer should report to Cabinet on the overall financial position of the Council on a regular basis, and at least quarterly.
- 4.11** It is the responsibility of Directors to control income and expenditure for revenue and capital within their area and to monitor performance, taking account of financial information provided by the Section 151 Officer. They should report on variances within their own areas to the Section 151 Officer. They should also take any action necessary (without affecting policy) to avoid exceeding their budget allocation, in accordance with the Financial Regulations. If it becomes apparent to a Director that, due to exceptional or unforeseen circumstances, there may be difficulty in providing a service within budget, this must be communicated to the Section 151 Officer at the earliest opportunity. In such circumstances the Director retains responsibility for the careful monitoring and control of income and expenditure and must make every effort (without affecting policy) to minimise the impact on the Authority.

Resource allocation

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- 4.12** The Section 151 Officer is responsible for developing and maintaining a resource allocation process that ensures due consideration of the full Council's policy framework.

Preparation of the Capital Programme and Prudential Indicators

- 4.13** The Section 151 Officer is responsible for ensuring that a capital programme, showing capital expenditure and how that expenditure is funded, is prepared on an annual basis for consideration by the Cabinet before submission to the full Council. The plan should cover a three-to-five-year period and may in addition include information on capital investment strategy including non-treasury investments for up to 10 years ahead. In addition to this, the CIPFA Prudential Code for Capital Finance in Local Authorities requires that a set of prudential indicators for capital and treasury management (covering a three-year period) are agreed by the Council. This CIPFA code is backed by statute in the Local Government Act 2003.
- 4.14** Directors providing information to the Section 151 Officer for the capital programme shall ensure that for each capital scheme the full financial implications of any proposals are fully evaluated and disclosed, including phasing and delivery plans. A capital investment appraisal form must be completed, detailing both revenue and capital implications of each proposed scheme.

Guidelines

- 4.15** Guidelines on budget preparation will be issued to Members and Directors by the Section 151 Officer. The guidelines will take account of:
- legal requirements,
 - the Constitution,
 - medium-term planning prospects,

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- the Council Plan,
- available resources,
- spending pressures,
- efficiency and other relevant government guidelines,
- other internal policy documents,
- cross-cutting issues (where relevant).

MAINTENANCE OF RESERVES

- 4.16** It is the responsibility of the Section 151 Officer. to advise the Cabinet and the full Council on prudent levels of reserves for the Authority. When the Authority is deciding its annual budget and Council tax level it is required (by virtue of the Local Government Act 2003) to consider a report from the Section 151 Officer on the adequacy of the authority's financial reserves and the robustness of the budget. The Government has a back-up power to impose a minimum level of reserves on an authority that it considers to be making inadequate provisions. The Section 151 Officer. undertakes an annual review on the adequacy of reserves and robustness of financial estimates.

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5 Financial Regulation C: Risk Management and Control of Resources

INTRODUCTION

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

RISK MANAGEMENT

- 5.2** A Risk and Opportunities Policy has been approved by Cabinet. The Cabinet is responsible for reviewing the effectiveness of risk management and for ensuring that proper insurance exists where appropriate.
- 5.3** The Section 151 Officer will be responsible for the authority's Risk and Opportunities Policy, which may be prepared by a nominated officer. The Risk and Opportunities Policy will be promoted throughout the authority. The Section 151 Officer will advise the Cabinet on proper insurance cover where appropriate.

INTERNAL CONTROL

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- 5.4** Internal control refers to the systems of control devised by management to help ensure the Authority's objectives are achieved in a manner that promotes economical, efficient, and effective use of resources and that the Authority's assets and interests are safeguarded.
- 5.5** The Section 151 Officer is responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.
- 5.6** It is the responsibility of Directors to establish sound arrangements for planning, appraising, authorising, and controlling their operations to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets.

AUDIT REQUIREMENTS

- 5.7** The Accounts and Audit Regulations 2015 require every local authority to maintain an adequate and effective internal audit function. The Internal Audit Charter defines the mandate, scope, and purpose of Internal Audit at the Authority. All staff are expected to fully engage with requests from Internal Auditors.
- 5.8** The Local Audit and Accountability Act 2014 requires all local authorities to appoint an independent panel to manage the appointment of an external auditor. The Authority has opted in to the national appointment arrangements undertaken by Public Sector Audit Appointments Limited (PSAA), an independent panel created by the Local Government Association. The audit contracts awarded by the PSAA run for 5 years. The responsibilities of the external auditor are derived from statute and the Code of Audit Practice prescribes the way in which external auditors must conduct their functions.

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- 5.9** The Authority may, from time to time, be subject to audit, inspection, or investigation by external bodies such as HM Revenue and Customs, who have statutory rights of access.

PREVENTING FRAUD AND CORRUPTION

- 5.10** The Section 151 Officer is responsible for the development and maintenance of the Fraud Strategy.

ASSETS

- 5.11** Directors should ensure that records and assets are properly maintained and securely held. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.

TREASURY MANAGEMENT AND BANKING

- 5.12** The Authority follows the CIPFA Code of Practice for Treasury Management in the Public Services. The Authority will create and maintain, as the cornerstones for effective treasury management:

- A Treasury Management Policy Statement, stating the policies, objectives, and approach to risk management of its treasury management activities.
- Suitable Treasury Management Practices (TMP's), setting out the way the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

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- 5.13** All money in the hands of the Authority is controlled by the officer designated for the purposes of Section 151 of the Local Government Act 1972, referred to in this document as the Section 151 Officer.
- 5.14** In accordance with the CIPFA Code of Practice for Treasury Management in the Public Services, the Section 151 Officer is responsible for reporting to the Council on the treasury management policies, practices, and activities. Including as a minimum, an annual strategy and plan of the year, a mid-year review and an annual report after its close, in the form prescribed in the TMP's.
- 5.15** All Cabinet decisions on borrowing, investment or financing shall be delegated to the Section 151 Officer. In relation to the authorised limits for the Council's external debt, and the operational boundary for external debt agreed by Council, any movements in borrowing limits made under delegation to the Section 151 Officer will be reported to the Cabinet at its next meeting.
- 5.16** In accordance with the CIPFA Code of Practice for Treasury Management in the Public Services, the Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Cabinet, and for the execution and administration of treasury management decisions to the Section 151 Officer, who will act in accordance with the Council's policy statement and TMP's and CIPFA's Standard of Professional Practice on Treasury Management.
- 5.17** The Council has nominated the Audit and Governance Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

STAFFING

- 5.18** The full Council is responsible for determining how officer support for executive and non-executive roles within the Authority will be organised.

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5.19 The Head of Paid Service is responsible for providing overall management to staff. They are responsible for ensuring proper use of agreed systems for determining the remuneration of a job. The Head of Paid Service has ultimate responsibility for ensuring the Authority's staffing resource meets its needs in terms of capacity and organisation.

5.20 Directors are responsible for controlling total staff numbers by:

- advising the Cabinet on the budget necessary in any given year to cover estimated staffing levels
- adjusting the staffing to a level that can be funded within approved budget provision, varying the provision as necessary within that constraint to meet changing operational needs
- the proper use of appointment procedures.

NORTH EAST LINCOLNSHIRE COUNCIL**6 Financial Regulation D: Systems and Procedures****INTRODUCTION**

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

GENERAL

- 6.2** The Section 151 Officer is responsible for the operation of the Authority's accounting systems, the form of accounts and the supporting financial records. Any changes made by Directors to the existing financial systems, or the establishment of new systems must be approved by the Section 151 Officer after consultation with Internal Audit. However, Directors are responsible for the proper operation of financial processes in their own departments.
- 6.3** Any changes to agreed procedures by Directors to meet their own specific service needs should be agreed with the Section 151 Officer.
- 6.4** Directors should ensure that their staff receive relevant financial training that has been approved by the Section 151 Officer.
- 6.5** Directors must ensure that, where appropriate, computer and other systems are registered in accordance with general data protection legislation. Directors must ensure that staff are aware of their responsibilities under freedom of information legislation.

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INCOME AND EXPENDITURE

- 6.6** It is the responsibility of Directors to ensure the officers' scheme of delegation is complied with within their department. In addition, each Director should ensure that an authorised signatory list is held and regularly updated, identifying staff authorised to act on the Director's behalf in respect of payments, income collection and placing orders, together with the limits of their authority. When hard copy documentation in this regard is produced, signatures should always be made in manuscript. The Cabinet is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control.

PAYMENTS TO EMPLOYEES AND MEMBERS

- 6.7** The Section 151 Officer is responsible for all payments of salaries and wages to all staff, including payments for overtime, and for payment of allowances to Members.
- 6.8** The Section 151 Officer is responsible for making ex-gratia payments in accordance with guidelines agreed with the Monitoring Officer.

TAXATION

- 6.9** The Section 151 Officer is responsible for advising Directors, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the Authority.
- 6.10** The Section 151 Officer is responsible for maintaining the Authority's tax records, making all tax payments, receiving tax credits, and submitting tax returns by their due date as appropriate.

TRADING ACCOUNTS/BUSINESS UNITS

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- 6.11** It is the responsibility of the Section 151 Officer to advise on the establishment and operation of trading accounts and business units.

RETENTION OF RECORDS

- 6.12** Each Director shall make arrangements for the retention of financial and personnel records as follows:
- financial matters relating to the payment of creditors, income or other tax matters, national insurance, pensions, and debts of any nature should be retained for at least six years plus the present year,
 - all other records should be retained in accordance with the authority's Document Retention Policy which can be found within the Council's Records Management Policy,
 - where legislation or professional guidance stipulates a longer retention period, documentation should be retained in accordance with this.
- 6.13** In the case of invoices relating to auditable grant claims, these must be kept until after the grant claim has been audited, even if this exceeds six years.
- 6.14** Where documents are disposed of after the relevant retention periods have expired, any sensitive or confidential information should be destroyed by shredding.

7 Financial Regulation E: External Arrangements

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INTRODUCTION

- 7.1** The local authority provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders. It must also act to achieve the promotion or improvement of the economic, social, or environmental well-being of its area.

PARTNERSHIPS

- 7.2** The Cabinet is responsible for approving delegations, including frameworks for partnerships, although in certain specific instances full Council approval may be required. The Cabinet is the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs.
- 7.3** The Cabinet can delegate functions – including those relating to partnerships – to officers. These are set out in the schemes of delegation. Where functions are delegated, the Cabinet remains accountable for them to the full Council.
- 7.4** Where the Council is the nominated lead or accountable body for partnership arrangements, the Council's financial regulations will apply.
- 7.5** The Council's Monitoring Officer is responsible for promoting and maintaining the same high standards of conduct that apply throughout the Authority, including those standards relating to financial conduct / administration, to partnerships.
- 7.6** The Section 151 Officer must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory and provide value for money to the taxpayer. They must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. They must ensure that the risks have been fully appraised and

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allocated between the parties to the agreement before agreements are entered into with external bodies.

- 7.7** Directors are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies. In all cases, this must include approval of the Section 151 Officer and Monitoring Officer.

EXTERNAL FUNDING

- 7.8** The Section 151 Officer is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Authority's accounts.

WORK FOR THIRD PARTIES

- 7.9** The Cabinet is responsible for approving the contractual arrangements for any work for third parties or external bodies.

CONFIDENTIALITY CLAUSES

- 7.10** All information held by or on behalf of the Council will be available to the public upon written request, unless it falls into one of the statutory exemptions set out in the Freedom of Information Act 2000. Officers must therefore ensure, when negotiating or entering into a contract on behalf of the Authority, that any confidentiality clause proposed by a third party has been approved by the Assistant Director Law and Governance.

Section 2

Financial Procedure Rules

APPENDIX A

NORTH EAST LINCOLNSHIRE COUNCIL

Financial Procedure Rules: Financial Management

FINANCIAL MANAGEMENT STANDARDS

Why is this important?

- A.1 All staff and Members have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by ensuring everyone is clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.

Key controls

- A.2 The key controls and control objectives for financial management standards are:

(a) their promotion throughout the Authority

(b) a monitoring system to review compliance with financial standards, and regular comparisons of performance indicators and benchmark standards that are reported to the Cabinet and full Council.

Responsibilities of the Section 151 Officer

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- A.3 To ensure the proper administration of the financial affairs of the Authority, and to determine on behalf of the Authority the accounting records and the accounting control systems in accordance with the Accounts and Audit Regulations 2015.
- A.4 To set the financial management standards and to monitor compliance with them in accordance with the relevant codes of practice and accounting standards.
- A.5 To ensure proper professional practices are adhered to and to act as head of profession in relation to the standards, performance, and development of finance staff throughout the Authority.
- A.6 To advise on the key strategic controls necessary to secure sound financial management.
- A.7 To ensure that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators.

Responsibilities of Directors

- A.8 To promote the financial management standards set by the Section 151 Officer in their departments and to monitor adherence to the standards and practices, liaising as necessary with the Section 151 Officer.
- A.9 To promote sound financial practices in relation to the standards, performance, and development of staff in their departments.

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MANAGING EXPENDITURE

Scheme of virement

Why is this important?

- A.10 The scheme of virement is intended to enable the Cabinet, Directors and their staff to manage budgets with a degree of flexibility within the overall policy framework determined by the full Council, and therefore to optimise the use of resources.

Key controls

- A.11 Key controls for the scheme of virement are:

- (a) it is administered by the Section 151 Officer within guidelines set by the full Council. Any variation from this scheme requires the approval of the full Council.
- (b) the overall budget is agreed by the Cabinet and approved by the full Council. Directors and budget managers are therefore authorised to incur expenditure in accordance with the estimates that make up the budget. The rules below cover virement; that is, switching resources between approved estimates or heads of expenditure. For the purposes of this scheme, a budget head is considered to be a cost centre in the revenue budget, or a project set out in the capital programme.
- (c) virement does not create additional overall budget liability. Directors are expected to exercise their discretion in managing their budgets responsibly and prudently. For example, they should aim to avoid supporting recurring expenditure from one-off sources of savings or additional income, or creating future commitments, including full-year effects of decisions made

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part way through a year, for which they have not identified future resources. Directors must plan to fund such commitments from within their own budgets.

Responsibilities of the Section 151 Officer

- A.12 To prepare jointly with the Director a report to the Cabinet where revenue or capital virements more than £350,000 are proposed.

Responsibilities of Directors

- A.13 A Director may exercise virement on revenue budgets under their control for amounts up to £50,000 on any one budget head during the year in consultation with the Section 151 Officer. This must follow notification to the Section 151 Officer and be subject to the general conditions around virement.
- A.14 Revenue and capital virement amounts greater than £50,000 but less than £350,000 requires the approval of the Section 151 Officer and relevant Cabinet member.
- A.15 Revenue and capital virement amounts greater than £350,000, require the approval of the Cabinet, following a joint report by the Section 151 Officer and the Director, which must specify the proposed expenditure and the source of funding, and must explain the implications in the current and future financial years. In exceptional circumstances, a virement of this value can be made with the approval of the Section 151 Officer, in consultation with the Chief Executive and relevant Cabinet member but must be subsequently reported to Cabinet.
- A.16 Proposed virements on employees' basic pay, national insurance or superannuation must in addition to the above comply with any staffing procedures established by People and Culture and requirements to obtain delegated matters approval where appropriate.

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- A.17 A virement that is likely to impact on the level of service activity of another Director should be implemented only after agreement with the relevant Director.
- A.18 Regular budget meetings are undertaken in schools to discuss the financial position and if deemed necessary a school's governing body may approve virements to be actioned on the ledger.
- A.19 Where an approved budget is a lump-sum budget or contingency intended for allocation during the year, its allocation will not be treated as a virement, provided that:
- (a) the amount is used in accordance with the purposes for which it has been established, as set out in the budget-setting report to Council in advance of each financial year,
 - (b) the Cabinet has approved the basis and the terms, including financial limits, on which it will be allocated. Individual allocations more than the financial limits should be reported to the Cabinet.
- A.20 Budget realignment is described in Financial Regulation A: Financial Management of the Financial Regulations. Any proposal to realign all or part of a service area budget must be notified (by the Director of the service area) in writing to the Section 151 Officer. Budget realignment should usually only occur once in any financial year and be notified to and agreed by the Section 151 Officer.

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Treatment of year-end balances

Why is this important?

- A.21 The Authority's scheme of virement sets out the Authority's treatment of year-end balances. It is administered by the Section 151 Officer within guidelines set by the full Council. Any variation from the scheme of virement requires the approval of the full Council.
- A.22 The rules below cover arrangements for the transfer of resources between accounting years, i.e. a carry-forward. For the purposes of this scheme, a budget heading is a line in the revenue budget.

Key controls

- A.23 Appropriate accounting procedures are in operation to ensure that carried-forward totals are correct.

Responsibilities of the Section 151 Officer

- A.24 To administer the scheme of carry-forward within the guidelines approved by the full Council.
- A.25 To report all overspends and underspends on outturn estimates presented to Cabinet.

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Responsibilities of Directors

A.26 Net underspends on service estimates under the control of a Director may occur. Where this is the case, options exist for the treatment of the underspend. The Section 151 Officer will recommend to Cabinet and/or Council one of the following treatments:

(a) where the Council's overall financial position is such that the carry forward of an underspend would create a deficit in balances, the Section 151 Officer (in consultation with the Head of Paid Service and Cabinet Member for Finance) may recommend to Cabinet and/or Council that this should not be allowed. In making such a recommendation, the Section 151 Officer will consider the Council's overall financial position including balances and general reserves.

(b) where in the opinion of the Section 151 Officer the Council's overall financial position is favourable, the Section 151 Officer may (in consultation with the Head of Paid Service and Cabinet member for Finance) advise the Cabinet and/or Council that the carry forward of underspends by service areas may be considered.

A.27 Schools' balances shall be available for carry-forward to support the expenditure of the school concerned. Where an unplanned deficit occurs, the governing body shall prepare a detailed financial recovery plan for evaluation by the Director of Children's Services in the first instance. Schools will be expected to agree a plan to recover the deficit within a defined period. Further reference should be made to the Scheme for Financing Schools which covers the treatment of school balances in more detail.

ACCOUNTING POLICIES

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Why is this important?

A.28 The Section 151 Officer is responsible for the preparation of the Authority's Statement of Accounts, in accordance with proper practices and relevant code of practice, for each financial year ending 31 March. In addition, the Local Government Act 2003 and the Accounts and Audit Regulations 2015 set out statutory requirements governing the Authority's accounts.

Key controls

A.29 The key controls for accounting policies are:

- (a) systems of internal control are in place that ensure that financial transactions are lawful,
- (b) suitable accounting policies are set out and applied consistently throughout the Council,
- (c) proper accounting records are maintained, and
- (d) financial statements are prepared which present a true and fair view of the financial position of the Authority and its expenditure and income.

Responsibilities of the Section 151 Officer

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A.30 To select suitable accounting policies and to ensure that these are applied consistently. The accounting policies are set out in the Statement of Accounts, which is prepared at 31 March each year, and covers such items as:

- (a) separate accounts for capital and revenue transactions,
- (b) the basis on which debtors and creditors at year end are included in the accounts,
- (c) details on substantial provisions and reserves,
- (d) fixed assets,
- (e) depreciation,
- (f) retirement benefits,
- (g) stocks and stores,
- (h) financial assets and liabilities,
- (i) accounting for value added tax,
- (j) government grants,

Responsibilities of Directors

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- A.31 To adhere to the accounting policies and guidelines approved by the Section 151 Officer.

ACCOUNTING RECORDS AND RETURNS

Why is this important?

- A.32 Maintaining proper accounting records is one of the ways in which the Authority discharges its responsibility for stewardship of public resources. The Authority has a statutory responsibility to prepare its annual accounts to present a true and fair view of its operations during the year. These are subject to external audit. This audit provides assurance that the accounts are prepared properly, that proper accounting practices have been followed and that quality arrangements have been made for securing economy, efficiency, and effectiveness in the use of the Authority's resources.

Key controls

- A.33 The key controls for accounting records and returns are:
- (a) all Members and officers operate within the required accounting standards and timetables,
 - (b) all the Authority's transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis,
 - (c) procedures are in place to enable accounting records to be reconstituted in the event of systems failure,

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(d) reconciliation procedures are carried out to ensure transactions are correctly recorded,

(e) prime documents are retained in accordance with legislative and other requirements.

Responsibilities of the Section 151 Officer

A.34 To determine on behalf of the Council suitable accounting records, accounting statements and accounting control systems for the Authority. Where records are maintained outside the Finance section, the Section 151 Officer should consult the Director concerned. The Section 151 Officer must also ensure that the accounting control systems are observed and that the accounting records of the Council are maintained in accordance with proper practices and kept up to date.

A.35 To arrange for the compilation of all accounts and accounting records under their direction.

A.36 To comply with the following principles when allocating accounting duties:

(a) separating the duties of providing information about sums due to or from the Authority and calculating, checking, and recording these sums from the duty of collecting or disbursing them,

(b) employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.

A.37 To make proper arrangements for the audit of the Authority's accounts in accordance with the Accounts and Audit Regulations 2015, as amended.

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- A.38 To ensure that all claims for funds including grants are made by the due date.
- A.39 To prepare and publish the audited accounts of the Authority for each financial year, in accordance with the statutory timetable and with the requirement for the Audit and Governance Committee to approve the Statement of Accounts by the dates prescribed by statute.
- A.40 To administer any arrangements for under and overspending to be carried forward to the following financial year.
- A.41 To ensure the proper retention of financial documents in accordance with the requirements set out the councils Records Management Policy.

Responsibilities of Directors

- A.42 To consult and obtain the approval of the Section 151 Officer before making any changes to accounting records and procedures.
- A.43 To comply with the principles outlined above when allocating accounting duties to ensure a clear separation of duties.
- A.44 To maintain adequate records to provide a management trail leading from the source of income/expenditure through to the accounting statements.
- A.45 To supply information required to enable the Statement of Accounts to be completed in accordance with guidelines issued by the Section 151 Officer.

THE ANNUAL STATEMENT OF ACCOUNTS

Why is this important?

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- A.46 The Authority has a statutory responsibility to prepare its own accounts to present a true and fair view of its operations during the year. The Audit and Governance Committee is responsible for approving the statutory annual Statement of Accounts.

Key controls

- A.47 The key controls for the annual Statement of Accounts are:

- (a) the Authority is required to plan for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of these affairs. In this Authority, that officer is the Section 151 Officer.
- (b) the Authority is required to comply with the Accounts and Audit Regulations 2015 which set out the statutory dates for approval and publication of the annual accounts.
- (c) the Authority's Statement of Accounts must be prepared in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting (CIPFA/LASAAC).

Responsibilities of the Section 151 Officer

- A.48 To set out correct accounting policies and to apply them consistently throughout the Council.

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A.49 To prepare the Statement of Accounts and present this to Council by the statutory date set out in the Accounts and Audit Regulations 2015.

A.50 To sign and date the Statement of Accounts.

A.51 To draw up the timetable for final accounts preparation and to advise staff and external auditors accordingly.

Responsibilities of Directors

A.52 To comply with accounting guidance provided by the Section 151 Officer in relation to the preparation of the Council's Statement of Accounts, and to supply the Section 151 Officer with information when required.

APPENDIX B

Financial Procedure Rules: Financial Planning

NORTH EAST LINCOLNSHIRE COUNCIL**PERFORMANCE PLANS****Why is this important?**

- B.1 Each local authority has a statutory responsibility to publish various performance plans. The purpose of performance plans is to explain overall priorities and objectives, current performance, and proposals for further improvement. Annually the Authority produces a Finance and Commissioning Plan that is approved by Council through the budget setting process. The plan includes the summary outcomes framework, key commissioning priorities and commissioning briefs that outline priorities and plans. Progress against the plans is published via 6 monthly Outcomes Progress Reports.

Key controls

- B.2 The key controls for performance plans are to:

- (a) ensure that all relevant plans are produced and that they are consistent,
- (b) produce plans in accordance with statutory requirements,
- (c) meet the timetables set,

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(d) ensure that all performance information is accurate, complete and up to date,

(e) provide improvement targets which are meaningful, realistic and challenging.

Responsibilities of the Section 151 Officer

- B.3 To advise and supply the financial information that needs to be included in performance plans in accordance with statutory requirements and agreed timetables.
- B.4 To contribute to the development of corporate and service targets, objectives, and performance information.

Responsibilities of Directors

- B.5 To contribute to the development of performance plans in line with statutory requirements.
- B.6 To contribute to the development of targets and objectives, both corporate and service led ensuring delivery.
- B.7 To ensure that systems are in place to measure activity and collect accurate information for use as performance indicators.

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- B.8 To ensure that performance information is monitored frequently to allow corrective action to be taken if targets are not likely to be met.

BUDGETING

Format of the budget

Why is this important?

- B.9 The format of the budget determines the level of detail to which financial control and management will be exercised. The format shapes how the rules around virement operate, the operation of budget allocations and sets the level at which funds may be reallocated within budgets.

Key controls

- B.10 The key controls for the budget format are:

(a) complies with all legal requirements,

(b) complies with CIPFA's Service Reporting Code of Practice,

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(c) reflects the accountabilities of service delivery.

Responsibilities of the Section 151 Officer

- B.11 To advise the Cabinet on the format of the budget that is approved by the full Council.

Responsibilities of Directors

- B.12 To comply with accounting guidance provided by the Section 151 Officer

Revenue budget preparation, monitoring, and control

Why is this important?

- B.13 Budget management ensures that once the budget has been approved by the full Council, resources allocated are used for their intended purposes and are properly accounted for. Budgetary control is a continuous process, enabling the Authority to review and adjust its budget targets during the financial year. It also

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provides the mechanism that calls to account managers responsible for defined elements of the budget.

- B.14 By continuously identifying and explaining variances against budgetary targets, the Authority can identify changes in trends and resource requirements at the earliest opportunity. The Authority itself operates within an annual budget allocation, approved when setting the overall budget. To ensure that the Authority in total does not overspend, each service is required to manage its own expenditure within the budget allocated to it.
- B.15 For the purposes of budgetary control by officers, a budget will normally be the planned income and expenditure for a service area or cost centre.

Key controls

- B.16 The key controls for managing and controlling the revenue budget are:
- (a) the responsibility of the Council for budget monitoring and control, under the Local Government Act 2003,
 - (b) there is a nominated budget manager and budget holder for each cost centre heading,
 - (c) budget holders should be responsible only for income and expenditure that they can influence, and act under the direction of their budget manager,

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- (d) budget managers accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities,
- (e) budget holders follow an approved certification process for all expenditure,
- (f) income and expenditure are properly recorded and accounted for,
- (g) performance levels/levels of service are monitored in conjunction with the budget and necessary action is taken to align service outputs and budget,
- (h) appropriate forms of reporting are identified and put in place.

Responsibilities of the Section 151 Officer

- B.17 To establish an appropriate framework of budgetary management and control that ensures that:
- (a) budget management is exercised within annual budget allocations unless the full Council agrees otherwise,
 - (b) each Director has available timely information on receipts and payments on each budget which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities,

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- (c) expenditure is committed only against an approved budget head,
- (d) all officers responsible for committing expenditure comply with relevant guidance, and the financial regulations,
- (e) each cost centre has a single named officer, determined by the relevant budget manager (Director or senior manager), to act as the budget holder for that cost centre. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making processes that commits expenditure,
- (f) significant variances from approved budgets are investigated and reported by budget managers regularly.

B.18 To administer the Authority's scheme of virement.

B.19 To submit reports to the Cabinet and to the full Council, in consultation with the relevant Director, where a Director is unable to balance expenditure and resources within existing approved budgets under their control.

B.20 To prepare and submit reports on the Authority's projected income and expenditure compared with the budget on a regular basis.

Responsibilities of Directors

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- B.21 To maintain budgetary control within their departments. To ensure that all income and expenditure is legal and is properly recorded and accounted for.
- B.22 To ensure there is an accountable budget holder, who will act under the direction of a nominated budget manager, for income and expenditure under the control of the Director (grouped together in a series of cost centres). As a general principle, budget responsibility should be aligned as closely as possible to the decision-making that commits expenditure.
- B.23 To ensure that spending remains within the service's overall budget allocation, and that individual budget heads are not overspent, by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast.
- B.24 To ensure that a monitoring process is in place to review performance levels/levels of service in conjunction with the budget and is operating effectively.
- B.25 To prepare and submit to the Section 151 Officer reports on the service's projected expenditure compared with its budget, and to keep the Section 151 Officer informed of any actual or likely changes which may/will have a significant impact on current or future budgets.
- B.26 To ensure prior approval by the full Council or Cabinet (in accordance with the Council's Constitution) for new proposals which:

(a) create material financial commitments in future years,

(b) change existing policies, initiate new policies, or cease existing policies,

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(c) materially extend or reduce the Authority's services.

A report on new proposals should explain the full financial implications, following consultation with the Section 151 Officer. Unless the full Council or Cabinet has agreed otherwise, Directors must plan to contain the financial implications of such proposals within their budget allocation.

B.27 To ensure compliance with the scheme of virement.

B.28 To agree with the relevant Director where it appears that a budget proposal, including a virement proposal, may impact materially on another service area or Director's level of service activity.

B.29 To ensure that the Council's standing orders with respect to contracts are complied with whenever expenditure is proposed to be incurred.

Budgets and medium-term planning

Why is this important?

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- B.30 The Authority is a complex organisation responsible for delivering a wide variety of services. It needs to plan effectively and to develop systems to enable scarce resources to be allocated in accordance with carefully weighed priorities. The budget is the financial expression of the Authority's plans and policies.
- B.31 The revenue budget must be constructed to ensure that resource allocation properly reflects the service plans and priorities of the full Council. Budgets (spending plans) are needed so that the Authority can plan, authorise, monitor, and control the way money is allocated and spent. It is illegal for an authority to budget for a deficit.
- B.32 Medium-term planning involves a planning cycle in which managers develop their own plans. As each year passes, another future year will be added to the medium-term plan. This ensures that the Authority is always preparing for events in advance.

Key controls

- B.33 The key controls for budgets and medium-term planning are:

- (a) specific budget approval for all expenditure,
- (b) budget managers (Directors and senior managers) are consulted in the preparation of the budgets for which they will be held responsible. They accept accountability for the budgets as per the delegations set by the Cabinet for their budgets and the level of service to be delivered,

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- (c) budget managers nominate designated budget holders to be responsible for the day-to-day control of income and expenditure against a set budget for a cost centre,
- (d) a monitoring process is in place to regularly review the effectiveness and operation of budget preparation and to ensure that corrective action is taken to address any issues that are identified,
- (e) under the Local Government Act 2003 there is a requirement for the Section 151 Officer to prepare a report, for use when the authority is deciding its annual budget and council tax, on the robustness of the budget and the adequacy of the Authority's reserves. The Government has a back-up power to impose a minimum level of reserves on an authority that it considers to be making inadequate provisions.

Responsibilities of the Section 151 Officer

- B.34 To prepare and submit reports on budget prospects for the Cabinet, including resource constraints set by the Government, the robustness of the budget and the adequacy of the Authority's reserves. Reports should take account of medium-term prospects, where appropriate.
- B.35 To determine the detailed form of revenue estimates and the methods for their preparation, consistent with the budget approved by the full Council, and after consultation with the Cabinet and Directors.
- B.36 To prepare and submit reports to the Cabinet on the aggregate spending plans of departments and on the resources available to fund them, identifying, where appropriate, the implications for the level of council tax to be levied.

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- B.37 To advise on the medium-term implications of spending decisions.
- B.38 To encourage the best use of resources and value for money by working with Directors to identify opportunities to improve economy, efficiency, and effectiveness, and by encouraging good practice in conducting financial appraisals of development or savings options, and in developing financial aspects of service planning.
- B.39 To advise the full Council on Cabinet proposals in accordance with their responsibilities under section 151 of the Local Government Act 1972.

Responsibilities of Directors

- B.40 To prepare estimates of income and expenditure, in consultation with the Section 151 Officer to be submitted to the Cabinet.
- B.41 To prepare budgets that are consistent with any relevant budget allocations, with the Authority's annual budget cycle and with guidelines issued by the Section 151 Officer. The format should be prescribed by the Section 151 Officer in accordance with the full Council's general directions.
- B.42 To integrate financial and budget plans into service planning, so that budget plans can be supported by financial and non-financial performance measures.
- B.43 In consultation with the Section 151 Officer, and in accordance with the laid-down guidance and timetable, to prepare detailed draft revenue and capital budgets for consideration by the Cabinet and/or the Council in accordance with the budget and policy framework.

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B.44 When drawing up draft budget requirements, to have regard to:

- (a) spending patterns and pressures revealed through the budget monitoring process,
- (b) legal requirements,
- (c) policy requirements as defined by the full Council in the approved policy framework,
- (d) service developments,
- (e) efficiency savings, and
- (f) the priorities of the Council plan and service plans.

Resource allocation

Why is this important?

B.45 A mismatch often exists between available resources and required resources. A common scenario is that available resources are not adequate to fulfil need/desire. It is therefore imperative that needs/desires are carefully prioritised and that resources are properly allocated, to fulfil all legal

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responsibilities. Resources may include staff, money, equipment, goods, and materials.

Key controls

B.46 The key controls for resource allocation are that resources are:

(a) acquired in accordance with the law and using an approved authorisation process,

(b) used only for the purpose intended, to achieve the approved policies and objectives, and are properly accounted for,

(c) securely held for use when required,

(d) used with the minimum level of waste, inefficiency, or loss for other reasons.

Responsibilities of the Section 151 Officer

B.47 To advise on methods available for the funding of resources, such as grants from central government and borrowing requirements.

B.48 To assist in the allocation of resources to budget managers.

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Responsibilities of Directors

- B.49 To work within budget limits and to utilise resources allocated, and further allocate resources, in the most efficient, effective and economic way.
- B.50 To identify opportunities to minimise or eliminate resource requirements or consumption without having a detrimental effect on service delivery.

APPENDIX C

Financial Procedure Rules:

Risk Management and Control of Resources

RISK MANAGEMENT AND INSURANCE

Why is this important?

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- C.1 All organisations, whether private or public sector, face risks to people, property, and continued operations. Risk is the chance or possibility of loss, damage, injury, or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management is the planned and systematic approach to the identification, evaluation, and control of risk. Its objectives are to secure the assets of the organisation and to ensure the continued financial and organisational well-being of the organisation. In essence it is, therefore, an integral part of good business practice. Risk management is concerned with evaluating the measures an organisation already has in place to manage identified risks and then recommending the action the organisation needs to take to control these risks effectively.
- C.2 It is the overall responsibility of the Cabinet to approve the Authority's Risk and Opportunities Policy and to promote a culture of risk management awareness throughout the authority.
- .

Key controls

- C.3 The key controls for risk management are:
- (a) procedures are in place to identify, assess, prevent, or contain material known risks, and these procedures are operating effectively throughout the Authority,
 - (b) a monitoring process is in place to regularly review the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be conducted on a continuing basis.

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- (c) managers know that they are responsible for managing relevant risks and are provided with relevant information on risk management initiatives,
- (d) provision is made for losses that might result from the risks that remain,
- (e) the risk appetite for each risk is defined and actions taken to ensure the risk appetite is achieved. Arrangements are put in place to mitigate the impact of residual risks.
- (f) Financial risks (e.g public liability, employee liability, motor, property) are subject to insurance.
- (g) the Authority has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage to its resources.

Responsibilities of the Section 151 Officer

- C.4 To ensure that the Authority's Risk and Opportunities Policy is prepared and promoted throughout the Authority by the nominated officer.
- C.5 To develop risk management controls in conjunction with other Directors.
- C.6 To include all appropriate employees of the Authority in a suitable fidelity guarantee insurance.
- C.7 To offer insurance cover to schools (excludes academy schools).

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- C.8 To retain corporate insurance cover, through external insurance and internal funding, and to negotiate the settlement of claims in consultation with other officers, where necessary.

Responsibilities of Directors

- C.9 To notify the Section 151 Officer immediately of any loss, liability or damage that may lead to a claim against the Authority, together with any information or explanation required by the Section 151 Officer or the Authority's insurers.
- C.10 To take responsibility for risk management, having regard to advice from the Section 151 Officer or nominated officer on behalf of the Section 151 Officer and other specialist advice (e.g. crime prevention, fire prevention, health and safety).
- C.11 To ensure that there are regular reviews of risk within their department, in accordance with Council policies and procedures.
- C.12 To notify the Section 151 Officer promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances.
- C.13 To consult the Section 151 Officer and the Monitoring Officer on the terms of any indemnity that the Authority is requested to give.
- C.14 To ensure that employees, or anyone covered by the authority's insurances, do not admit liability, or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.
- C.15 To ensure, when entering contracts, that contractors have adequate levels of insurance cover.

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INTERNAL CONTROLS

Why is this important?

- C.15 The Authority is complex and beyond the direct control of individuals. It therefore requires internal controls to manage and monitor progress towards strategic objectives.
- C.16 The Authority has statutory obligations and, therefore, requires internal controls to identify, meet and monitor compliance with these obligations.
- C.17 The Authority faces a wide range of financial, administrative, and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. Internal controls are necessary to manage these risks.
- C.18 The system of internal controls is established to provide measurable achievement of:
- (a) efficient and effective operations,
 - (b) reliable financial information and reporting,
 - (c) compliance with laws and regulations, and
 - (d) risk management.

Key controls

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C.19 The key controls and control objectives for internal control systems are:

- (a) key controls should be reviewed on a regular basis and the Authority should make a formal statement annually to the effect that it is satisfied that the systems of internal control are operating effectively,
- (b) managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance, and taking appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities,
- (c) financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems,
- (e) an effective internal audit function that is properly resourced. It should operate in accordance with the Global Internal Audit Standards (GIAS) as applied in the UK Public Sector and with any other statutory obligations and regulations

Budget manager responsibilities

C.20 Take all reasonable steps to prevent accidents and damage to property.

C.21 Forward all new risks to the Insurance section to ensure adequate cover is obtained.

C.22 To ensure that all claims are notified to the Insurance section are received or have knowledge of an incident.

C.23 Do not admit any potential liability in relation to a potential claim until you have discussed it with the insurance section

C.24 To ensure that the required reports are sent to the Insurance section in to help defend claims against the Council.

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C.25 Ensure that contractors have adequate insurance levels to protect the Council from any significant financial risks.

Responsibilities of the Section 151 Officer

C.26 To assist the Authority to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.

Responsibilities of Directors

C.27 To manage processes to check that established controls are being adhered to and to evaluate their effectiveness, to be confident in the proper use of resources, achievement of objectives and management of risks.

C.28 To review existing controls in the light of changes affecting the Authority and to establish and implement new ones in line with guidance from the Section 151 Officer and internal audit. Directors should also be responsible for removing controls that are unnecessary or not cost or risk effective – for example, because of duplication.

C.29 To ensure staff have a clear understanding of the consequences of lack of control.

AUDIT REQUIREMENTS

Internal Audit

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Why is this important?

- C.30 The requirement for an internal audit function for local authorities is implied by Section 151 of the Local Government Act 1972, which requires that authorities “make arrangements for the proper administration of their financial affairs”. The Accounts and Audit Regulations 2015 more specifically require that a “relevant body shall maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper practices in relation to internal control”.
- C.31 Accordingly, Internal Audit is an independent and objective appraisal function established by the Authority for reviewing the system of internal control. It examines, evaluates, and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources. Internal Audit assists management in delivering the objectives of the Council through assessing and reporting upon the Council’s arrangements for risks, governance and internal control. To this end, Internal Audit will have no executive responsibilities. Internal Audit’s remit, as laid out in the Internal Audit Charter, includes:
- assessing if operations are being carried out as planned, and if objectives / goals are being achieved,
 - assessing 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,
 - assessing the completeness, reliability, and integrity of information, both financial and operational,
 - assessing the extent to which the Council's assets, data and interests are properly accounted for and safeguarded from losses of all kinds, including fraud, corruption, waste, extravagance, abuse, ineffective management, and poor value for money, and
 - assessing the economy, efficiency and effectiveness with which resources are deployed.

Key controls

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C.32 The key controls for Internal Audit are:

- (a) that it is independent in its planning and operation,
- (c) the Head of Audit and Assurance has direct access to the Head of Paid Service, all levels of management and directly to elected Members,
- (c) it has full unfettered access to Council records and staff; and
- (d) it complies with the Global Internal Audit Standards as applied in the UK Public Sector

Responsibilities of the Section 151 Officer

C.33 To ensure that internal auditors have the authority to:

- (a) access authority premises at reasonable times,
- (b) access all assets, records, documents, correspondence, and control systems,
- (c) receive any information and explanation considered necessary concerning any matter under consideration,
- (d) require any employee of the Authority to account for cash, stores, or any other authority asset under his or her control, and

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(e) directly access the Head of Paid Service, the Cabinet and appropriate committees, in accordance with the terms of reference agreed for Internal Audit.

Internal Audit shall also have access to all officers, buildings, information, explanations, and documentation required to discharge the audit role in respect of:

- 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 or accountable body.

Such rights of access shall be written into the appropriate agreements with these organisations.

C.34 To ensure that the strategic and annual audit plans prepared by the Head of Audit and Assurance, which take account of the characteristics and relative risks of the activities involved. In producing such audit plans, the Head of Audit and Assurance shall have an unrestricted range of coverage of the Council's operations; the Head of Audit and Assurance will have freedom to determine the priorities of Internal Audit in consultation with the Section 151 Officer and other Directors.

C.35 To ensure that effective procedures are in place to investigate promptly any fraud or irregularity.

C.36 To ensure that a review of the effectiveness of Internal Audit is undertaken at least once a year, and an external review is undertaken at least every five years.

Responsibilities of Directors

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- C.37 To ensure that internal auditors are given access at all reasonable times to premises, personnel, documents, and assets that the auditors consider necessary for the purposes of their work.
- C.38 To ensure that auditors are provided with any information and explanations that they seek in the course of their work.
- C.39 To consider and respond promptly to the contents draft audit reports.
- C.40 To ensure that any agreed actions arising from audit reviews are carried out in a timely and efficient fashion.
- C.41 To notify the Section 151 Officer and Head of Audit and Assurance immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the Authority's property or resources. Pending investigation and reporting, the Director should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration. If a serious irregularity is confirmed, the matter shall also be reported to the Head of Paid Service and the Leader of the Council.
- C.42 To ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with the Head of Audit and Assurance prior to implementation.
- C.43 To ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by the Section 151 Officer prior to implementation.

External Audit

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Why is this important?

- C.44 The authority has opted into the Public Sector Audit Appointments Ltd national scheme to oversee the appointment of its external auditor. An appointed auditor has rights of access to all documents and information deemed necessary for audit purposes.
- C.45 The basic duties of the external auditor are defined in the Local Audit and Accountability Act 2014 and the Local Government Act 1999. Additionally, the National Audit Office has now taken on responsibility for preparing / maintaining the Code of Audit Practice which sets out the way in which the auditors carry out their functions. The Code of Audit Practice sets out the auditor's main objectives to review and report upon the:
- (a) audited body's accounts, and
 - (b) audited body's arrangements for securing economy, efficiency, and effectiveness in the use of resources.
- C.46 The Authority's accounts are scrutinised by external auditors, who must be satisfied that the Statement of Accounts presents a 'true and fair view' of the financial position of the Authority and its income and expenditure for the year in question and complies with the legal requirements.

Key controls

- C.47 External auditors are appointed for a maximum contract period of five years (*Local Audit and Accountability Act 2014 s.7*). The National Audit Office prepares a Code of Audit Practice, which external auditors follow when carrying out their audits.

Responsibilities of the Section 151 Officer

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- C.48 To ensure that external auditors are given access at all reasonable times to premises, personnel, documents, and assets that the external auditors consider necessary for the purposes of their work.
- C.49 To ensure there is effective liaison between external and internal audit.
- C.50 To work with the external auditor and advise the full Council, Cabinet and Directors on their responsibilities in relation to external audit.

Responsibilities of Directors

- C.51 To ensure that external auditors are given access at all reasonable times to premises, personnel, documents, and assets which the external auditors consider necessary for the purposes of their work.
- C.52 To ensure that all records and systems are up to date and available for inspection.

PREVENTING FRAUD AND CORRUPTION

Why is this important?

- C.53 The Authority will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside the Authority.
- C.54 The Authority's expectation of propriety and accountability is that Members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures, and practices.

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C.55 The Authority also expects that individuals and organisations (e.g. suppliers, contractors, service providers and partners) with whom it comes into contact will act towards the Authority with integrity and without thought or actions involving fraud and corruption.

Key controls

C.56 The key controls regarding the prevention of financial irregularities are that:

- (a) the Authority has an effective Fraud Strategy and maintains a culture that will not tolerate fraud or corruption,
- (b) all Members and staff act with integrity and lead by example,
- (c) senior managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the authority or who are corrupt,
- (d) high standards of conduct are promoted amongst Members by the Standards Committee,
- (e) the maintenance of a register of interests in which any interests, or offers of gifts or hospitality must be recorded,
- (f) whistle blowing procedures are in place and operate effectively,
- (g) legislation including the Public Interest Disclosure Act 1998 is adhered to
- (h) anti-money laundering procedures are in place.

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Responsibilities of the Section 151 Officer

- C.57 To develop and maintain a Fraud Strategy.
- C.58 To develop and maintain an Anti-Money Laundering Policy
- C.59 To maintain adequate and effective internal control arrangements.
- C.60 To ensure that all suspected irregularities are reported to the Head of Audit and Assurance; to report fraud or irregularity necessitating police involvement to the Leader and Head of Paid Service.

Responsibilities of Directors

- C.61 To ensure that all suspected irregularities are reported to the Section 151 Officer and Head of Audit and Assurance.
- C.62 To instigate the Authority's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.
- C.63 To ensure that where financial impropriety is discovered, the Section 151 Officer is informed, and where sufficient evidence exists to believe that a criminal offence may have been committed, the police are called in to determine with the Crown Prosecution Service whether any prosecution will take place.

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- C.64 To maintain a departmental register of interests, gifts, and hospitality, and to ensure that all staff within the department are made aware of their duty to declare interests, or offers of gifts or hospitality, which may conflict with their role as a Council employee; to disseminate and publicise the Council's Fraud Strategy to all staff within the department of the Director.

ASSETS***Security*****Why is this important?**

- C.65 The Authority holds assets in the form of property, vehicles, equipment, furniture, and other items worth many millions of pounds. It is important that assets are safeguarded and used efficiently in service delivery, and that arrangements are in place for the security of both assets and information required for service operations. An up-to-date asset register is a prerequisite for proper fixed asset accounting and sound asset management.

Key controls

- C.66 The key controls for the security of resources such as land, buildings, fixed plant machinery, equipment, software, and information are:
- (a) resources are used only for the purposes of the Authority and are properly accounted for,
 - (b) resources are available for use when required,

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- (c) resources that are no longer required are disposed of in accordance with the law and the regulations of the Authority to maximise benefits,
- (d) an asset register is maintained for the Authority, assets are recorded when they are acquired and this record is updated as changes occur with respect to the location and condition of the asset,
- (e) all staff are aware of their responsibilities about safeguarding the Authority's assets and information, including the requirements of the General Data Protection Act and software copyright legislation, and
- (f) all staff are aware of their responsibilities regarding safeguarding the security of the Authority's computer systems, including maintaining restricted access to the information held on them and compliance with the Authority's computer and internet security policies.

Responsibilities of the Section 151 Officer

C.67 To ensure that an asset register is maintained in accordance with good practice for all fixed assets with a value in excess of an amount which will be declared from time to time. The function of the asset register is to provide the Authority with information about fixed assets so that they are:

- safeguarded,
- used efficiently and effectively,
- adequately maintained.

C.68 To receive the information required for accounting, costing, and financial records from each Director, and to determine the method of valuation of stores.

C.69 To ensure that assets are valued in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (CIPFA/LASAAC).

NORTH EAST LINCOLNSHIRE COUNCIL**Responsibilities of Directors**

- C.70 The appropriate Director shall maintain a property database in a form approved by the Section 151 Officer for all properties, plant and machinery, and moveable assets currently owned or used by the Authority. Any use of property by a department or establishment other than for direct service delivery should be supported by documentation identifying terms, responsibilities, and duration of use.
- C.71 To ensure that lessees and other prospective occupiers of Council land are not allowed to take possession or enter the land until a lease or agreement is in place. This should be approved by the Director in consultation with the Monitoring Officer and the Section 151 Officer.
- C.72 To ensure the proper security of all buildings and other assets under their control.
- C.73 Where land or buildings are surplus to requirements, a recommendation for sale should be the subject of a report by the relevant Director; any such recommendation must comply with the relevant provisions as detailed in standing orders with respect to contracts.
- C.74 To pass title deeds to the appropriate Director who is responsible for custody of all title deeds.
- C.75 To ensure that no Authority asset is subject to personal use by an employee without proper authority. The Council will adopt the ICT and Information Security Standards Policy which Directors must distribute and enforce.
- C.76 To ensure the safe custody of vehicles, equipment, furniture, stock, stores, and other property belonging to the Authority.

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- C.77 To ensure that the department maintains a register of moveable assets in accordance with arrangements defined by the Section 151 Officer.
- C.78 To ensure that assets are identified, their location recorded and that they are appropriately marked and insured.
- C.79 To consult the Section 151 Officer in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- C.80 To ensure cash holdings on premises are kept to a minimum and take cognisance of the Council's insurance arrangements for such holdings.
- C.81 To ensure that keys to safes and similar receptacles are always carried on the person of those responsible; loss of any such keys must be reported to the Section 151 Officer and Internal Audit as soon as possible.
- C.82 To examine all stocks on a regular basis, at not more than twelve monthly intervals. Any slow-moving items or obsolete stocks should be identified, and appropriate remedial action taken.
- C.83 To record all disposal or part exchange of assets in accordance with the Council's standing orders with respect to contracts.
- C.84 To arrange for the valuation of assets for accounting purposes to meet requirements specified by the Section 151 Officer.
- C.85 To ensure that all employees are aware that they have a personal responsibility regarding the protection and confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged, or

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may possess some intrinsic value, and its disclosure or loss could result in a cost to the Authority in some way.

Inventories

- C.86 To maintain inventories and record an adequate description of furniture, fittings, equipment, plant, and machinery with an individual value exceeding £1,000, and for portable goods such as Laptop Computers, iPads, mobile telephones, exceeding £50.
- C.87 To carry out an annual check of all items on the inventory to verify location, review condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. Significant variations should be brought to the attention of the Section 151 Officer and Head of Audit and Assurance. Portable items, such as computers and cameras, should be identified with security markings as belonging to the Authority. Guidance on the disposal of obsolete inventory, or that which is surplus to requirements is provided below.
- C.88 To make sure that property is only used in the course of the Authority's business, unless the Director concerned has given permission otherwise.

Stocks and stores

- C.89 To make arrangements for the care and custody of stocks and stores in the department.
- C.90 To ensure stocks are maintained at reasonable levels (which do not exceed normal business requirements) and are subject to a regular independent physical check. All discrepancies should be investigated and pursued to a satisfactory conclusion; significant discrepancies should be brought to the attention of the Section 151 Officer and Head of Audit and Assurance.

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- C.91 To investigate and remove from the Authority's records (i.e. write off) discrepancies as necessary, or to obtain Cabinet approval if they are in excess of a predetermined limit which will be announced on an annual basis.
- C.92 To authorise or write off disposal of redundant stocks, equipment, or inventory after consultation with the Section 151 Officer. First consideration should be given to transfer of the items to another department, in which case this should be clearly recorded in the records of each department. Where there is no demand for the items by other departments within the Council, the asset disposal guidelines and framework should be followed (available on the intranet). Checks should be made to ensure that item(s) are the property of the Council / School and are not hired or leased and any proposed disposal of art works or property held in trust must in the first instance be checked with Legal Services, as there may be special circumstances pertaining to such assets which must be examined on a case-by-case basis.
- C.93 To seek Cabinet approval to the write-off of redundant stocks and equipment more than a predetermined sum.
- C.94 To ensure that all stores' issues, except in the case of small value materials, are supported by a requisition stating the quantity required which is signed by an authorised signatory.
- C.95 To ensure that delivery notes are obtained in respect of all goods received into store and that the goods are checked with both the delivery note and official order as regards quantity and specification compliance as soon as possible.
- C.96 To provide the Section 151 Officer with such information as he or she requires in relation to stores for accounting, costing, and financial records.

Intellectual property**Why is this important?**

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- C.97 Intellectual property is a generic term that includes inventions and writing. If these are created by the employee during the course of employment, then, as a general rule, they belong to the employer, not the employee. Various acts of Parliament cover different types of intellectual property.
- C.98 Certain activities undertaken within the Authority may give rise to items that may be patentable, for example, software development. These items are collectively known as intellectual property.

Key controls

- C.99 In the event that the Authority decides to become involved in the commercial exploitation of intellectual property, guidelines for this should be drafted.

Responsibilities of the Section 151 Officer

- C.100 To develop and disseminate good practice and guidelines on the ownership and exploitation of intellectual property, in conjunction with other relevant officers of the Council (e.g. the Monitoring Officer).

Responsibilities of Directors

- C.101 To ensure that controls are in place to ensure that staff do not carry out private work in Council time and that staff are aware of an employer's rights regarding intellectual property.

Asset disposal

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Why is this important?

C.102 It would be uneconomic and inefficient for the cost of assets to outweigh their benefits. Obsolete, non-repairable or unnecessary resources should be disposed of in accordance with the law and the regulations of the Authority.

Key controls

C.103 Assets for disposal are identified and are disposed of at the most appropriate time, and only when it is in the best interests of the Authority, and best price is obtained, bearing in mind other factors, such as environmental issues. For items of significant value, disposal should be by competitive tender or public auction. The Asset Disposal Guidance incorporates an approved framework for the disposal of capital assets and advice on when it is appropriate to use this framework.

C.104 Procedures protect staff involved in the disposal from the potential for accusations of personal gain.

Responsibilities of the Section 151 Officer

C.105 To issue guidelines representing best practice for disposal of assets.

C.106 To ensure appropriate accounting entries are made to remove the value of disposed assets from the Authority's records and to include the sale proceeds if appropriate.

Responsibilities of Directors

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C.107 To seek advice from the Section 151 Officer on the disposal of surplus or obsolete materials, stores, or equipment, and to follow the asset disposal guidelines prepared by the Section 151 Officer.

C.108 To ensure that maximum income is received for the disposal of an asset and is properly banked and recorded in the accounts.

TREASURY MANAGEMENT AND BANKING

Why is this important?

C.109 Significant sums pass through the Authority's books each year. Codes of practice governing the appropriate way of administering these funds are provided by CIPFA and the Department for Levelling Up, Housing and Communities. These aim to ensure assurances that the Authority's money is properly managed in a way that prioritises security of capital and liquidity, with yield being an important but tertiary consideration.

Key controls

C.110 That the Authority's borrowings and investments comply with the CIPFA Code of Practice for Treasury Management in the Public Services and with the Authority's Treasury Policy Statement.

Responsibilities of Section 151 Officer – treasury management and banking

C.111 To arrange the borrowing and investments of the Authority in such a manner as to comply with the CIPFA Code of Practice for Treasury Management in the

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Public Services, the Authority's Treasury Management Policy Statement, and the Annual Strategy Statement.

C.112 In accordance with the CIPFA Code of Practice for Treasury Management in the Public Services, to report on a regular basis on treasury management activities.

C.113 To operate bank accounts as are considered necessary – opening or closing any bank account shall require the approval of the Section 151 Officer (or a person to whom such authority has been properly delegated), and all such accounts must be in the name of the Authority.

Responsibilities of Directors – treasury management and banking

C.114 To follow the instructions on banking issued by the Section 151 Officer, and to comply with the Council's Treasury Management Policy Statement; to ensure that Council cheques held within (or being transported from or to) the Director's department are securely stored, administered, and controlled.

Responsibilities of Section 151 Officer – investments and borrowing

C.115 To ensure that all investments of money are made in the name of the Authority or in the name of nominees approved by the full Council.

C.116 To ensure that all securities that are the property of the Authority (or its nominees) and the title deeds of all property in the Authority's ownership are held in the custody of the appropriate Director.

C.117 To affect all borrowings in the name of the Authority.

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C.118 To act as the Authority's registrar of stocks, bonds, and mortgages and to maintain records of all borrowing of money by the Authority.

C.119 To ensure that arrangements exist which provide for an officer (other than the officer who usually makes investments) to monitor investment levels, which should be periodically reviewed.

C.120 To ensure that an adequate division of duties exists between the arranging and settling of transactions.

Responsibilities of Directors – investments and borrowing

C.121 For non-treasury loans and investments that are not covered within the Treasury Management Strategy Statement the capital investment strategy should be considered and where a key decision is required then approval should be by Cabinet.

Responsibilities of Directors – trust funds and funds held for third parties

C.122 To arrange for all trust funds to be held, wherever possible, in the name of the Authority. All officers acting as trustees by virtue of their official position shall deposit securities, etc. relating to the trust with the Section 151 Officer, unless the deed specifies otherwise.

C.123 To arrange, where funds are held on behalf of third parties, for their secure administration, approved by the Section 151 Officer, and to maintain written records of all transactions.

C.124 To ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.

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Responsibilities of the Section 151 Officer – imprest accounts

- C.125 To provide employees of the Authority with cash or bank imprest accounts to purchase low value, urgent items on behalf of the Authority and to prescribe rules for operating these accounts. For petty cash imprests, expenditure on goods should not usually exceed £100 for any one transaction; payments may not be broken down in order to avoid this limit. For cheque accounts individual cheques should be signed by at least two authorised signatories, a list of whom should be provided to the Section 151 Officer and regularly updated. Cheques should never be 'pre-signed', or signed when the account payee or value of the cheque is blank.
- C.126 Where appropriate, to open an account with the Council's bankers for use by the imprest holder who shall not overdraw the account. It shall be a standing instruction to the Council's bankers that the amount of any overdrawn balance shall forthwith be notified to the Section 151 Officer.
- C.127 To determine the petty cash advance limit and to maintain a record of all transactions and petty cash advances made, and periodically to review the arrangements for the safe custody and control of these advances.
- C.128 To reimburse imprest holders as often as necessary to restore the imprests, but normally not more than monthly.
- C.129 To inform all Directors of the Council's insurance cover with regard to cash holdings.

Responsibilities of Directors – Imprest Accounts

- C.130 To ensure that employees operating an imprest account:

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- obtain and retain vouchers to support each payment from the imprest account. Where appropriate, an official receipted VAT invoice must be obtained, to ensure that VAT may be reclaimed where appropriate,
- make adequate arrangements for the safe custody of the account, having regard to the Council's insurance cover where appropriate,
- produce upon demand by the Section 151 Officer cash and all vouchers to the total value of the imprest amount,
- record transactions promptly,
- respect the £100 limit for petty cash payments, unless in exceptional circumstances the Director has allowed a higher value for a particular purchase,
- reconcile and balance the account at least monthly; reconciliation sheets to be signed and retained by the imprest holder,
- ensure a petty cash payment slip is completed for every reimbursement which is made, signed by the claimant, authorised by their line manager, and signed by the person making the petty cash payment (who shall be an authorised signatory for such purposes). Receipts must be obtained to back up all expenditure made and reclaimed through the petty cash account and attached to the petty cash payment slip to comply with the requirements of HM Revenue & Customs,
- provide the Section 151 Officer with a certificate of the value of the account held at 31 March each year,
- ensure that the float is never used to cash personal cheques or to make personal loans and that the only payments into the account are the reimbursement of the float and change relating to purchases where an advance has been made. Income should never be paid into a petty cash account, but banked separately as required by these financial regulations,
- on leaving the Authority's employment, or otherwise ceasing to be entitled to hold an imprest advance, an employee shall account to the Section 151 Officer for the amount advanced to him or her, and surrender the imprest and associated records to the Director or their nominated senior representative, and
- advise the Director of any significant imbalances which cannot be reconciled; the Director should then contact the Section 151 Officer for advice.

C.131 When making expenditure on behalf of the service for reimbursement by petty cash or payment voucher, employees are reminded that:

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- Use of personal credit/debit cards should be avoided where possible for paying for goods.
- Personal loyalty cards must not be used to gain points or benefits from transactions. Any loyalty cards should be held in the Authority's name. This principle applies to any purchase made by the Authority from which vouchers can be collected and exchanged for gifts.

Responsibilities of the Section 151 Officer – Corporate Credit Card accounts

C.132 To provide nominated employees of the Authority with a corporate credit card for use where a Purchase Order/invoice or petty cash cannot be used and to prescribe rules for operating these accounts. Credit card expenditure should be the last option of payment.

C.133 Where appropriate, to open an account with the Council's Credit card provider for use by the card holder who shall be responsible for the security and all expenditure on the card.

C.134 To determine the credit card limit and to maintain a record of all transactions and periodically to review the arrangements for the safe custody and control of these limits.

C.135 To reconcile credit card expenditure to the authority statement monthly, and allocate spend to the relevant cost centre and account codes.

Responsibilities of Directors – Credit Card Accounts

C.136 To ensure that employees operating a credit card account:

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- Obtain and retain vouchers to support each payment from the credit card account. Where appropriate, an official receipted VAT invoice must be obtained, to ensure that VAT may be reclaimed where appropriate,
- Make adequate arrangements for the safe custody of the credit card, having regard to the Council's insurance cover where appropriate,
- Produce upon demand by the Section 151 Officer all receipts to the total value of expenditure on the credit card.
- Record transactions promptly,
- Respect the use of credit cards as the last option of expenditure,
- Reconcile and balance the account monthly to the account statement; reconciliation sheets to be signed and a copy retained by the credit card

holder. Reconciliation sheets to be returned to finance monthly in line with the dates issued to the card holder.

- Ensure adequate evidence of expenditure is obtained for every transaction which is made, authorised by the budget holder as per the authorities authorising limit. Vat Receipts must be obtained to back up all expenditure made to comply with the requirements of HM Revenue & Customs,
- Ensure that the credit card is never used for personal purchases
- On leaving the Authority's employment, or otherwise ceasing to be entitled to hold a corporate credit card, an employee shall surrender the credit card and associated records to the Director or their nominated senior representative, and
- Advise the Director of any significant imbalances which cannot be reconciled; the Director should then contact the Section 151 Officer for advice.

STAFFING

Why is this important?

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C.137 In order to provide the highest level of service, it is critical that the Authority recruits and retains high calibre, knowledgeable staff, qualified to an appropriate level.

Key controls

C.138 The key controls for staffing are:

- (a) A clear Recruitment and Selection Policy as well as a People Strategy exists, in which staffing requirements and budget allocation are matched,
- (b) procedures are in place for forecasting staffing requirements and cost,
- (c) controls are implemented that ensure that staff time is used efficiently and to the benefit of the Authority, and
- (d) checks are undertaken prior to employing new staff to ensure that they are appropriately qualified, experienced, and trustworthy.

Responsibilities of the Section 151 Officer

C.139 To ensure that budget provision exists for all existing and new employees.

C.140 To act as an advisor to Directors on areas such as national insurance and pension contributions, as appropriate.

Responsibilities of Directors

C.141 To agree an annual staffing budget.

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- C.142 To ensure that the staffing budget is an accurate forecast of staffing levels and is equated to appropriate revenue budget provision (including on-costs and overheads).
- C.143 To monitor staff activity to ensure adequate control over such costs as sickness, overtime, training, and temporary staff.
- C.144 To ensure that the staffing budget is not exceeded without due authority and that it is managed to enable the agreed level of service to be provided.
- C.145 To ensure that the Section 151 Officer is immediately informed if the staffing budget is likely to be materially over or underspent.
- C.146 To ensure that adequate employment checks are made in respect of any individuals to whom it is proposed to make an offer of employment, in line with instructions issued by the Section 151 Officer. This should include the obtaining of employment references, evidence of qualifications where such qualifications are a requirement of the offer of employment, identity and Disclosure and Barring Service (DBS) checks where appropriate. Such employment checks should be performed in respect of both new employees, and (if appropriate) where existing staff are redeployed from elsewhere within the Council.
- C.147 To ensure that a record is maintained within the department of all identity cards, safe keys, building keys, equipment (including mobile telephones), and clothing belonging to the Council which have been issued to employees. Staff leaving the employ of the Council must be required to return on, or by their last working day, all such items.

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APPENDIX D

Financial Procedure Rules: Financial Systems and Procedures

GENERAL

Why is this important?

- D.1 Service Areas have many systems and procedures relating to the control of the Authority's assets. Service Areas are increasingly reliant on computers for their financial management information. The information must therefore be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed, and errors detected promptly.

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- D.2 The Section 151 Officer has a professional responsibility to ensure that the Authority's financial systems are sound and should therefore be notified of any new developments or changes.

Key controls

- D.3 The key controls for systems and procedures are:
- (a) basic data exists to enable the Authority's objectives, targets, budgets and plans to be formulated,
 - (b) performance is communicated to the appropriate managers on an accurate, complete and timely basis,
 - (c) early warning is provided of deviations from target, plans and budgets that require management attention, and
 - (d) operating systems and procedures are secure.

Responsibilities of the Section 151 Officer

- D.4 To make arrangements for the proper administration of the Authority's financial affairs, including to:
- (a) issue advice, guidance and procedures for officers and others acting on the Authority's behalf,
 - (b) determine the accounting systems, form of accounts and supporting financial records,

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(c) establish arrangements for audit of the Authority's financial affairs,

(d) approve any new financial systems to be introduced, and

(e) approve any changes to be made to existing financial systems.

Responsibilities of Directors

D.5 To ensure that accounting records are properly maintained and held securely.

D.6 To ensure that vouchers and documents with financial implications are not destroyed within the document retention periods as set out in the Records Management Policy.

D.7 To ensure that a complete audit trail, allowing financial transactions to be traced from the accounting records to the original document, and vice versa, is maintained.

D.8 To incorporate appropriate controls to ensure that, where relevant:

(a) all input is genuine, complete, accurate, timely and not previously processed,

(b) all processing is carried out in an accurate, complete and timely manner,
and

(c) output from the system is complete, accurate and timely.

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- D.9 To ensure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other malpractice.
- D.10 To ensure there is a documented and tested disaster recovery plan/ business continuity plan to allow information system processing to resume quickly in the event of an interruption, and that this plan is shared widely with appropriate staff within the service.
- D.11 To ensure that systems are documented and staff trained in operations.
- D.12 To inform the Section 151 Officer and Internal Audit before changing any existing system or introducing new systems; details of the proposed change, anticipated benefits, an estimate of the costs involved, and the proposed implementation dates should be provided. Internal Audit advice should be sought at as early a stage as possible and approval to implement such systems is to be obtained from the Section 151 Officer in writing. Any proposed changes to ICT systems should be compatible with the ICT Strategy.
- D.13 To comply with the Council's officer delegation scheme, and to establish a schedule of authorised signatories, identifying officers authorised to act on the Director's behalf in respect of payments, income collection and placing orders, including variations, and showing the limits of their authority.
- D.14 To supply the schedule of authorised signatories, with specimen signatures and delegated limits, to the Section 151 Officer together with any subsequent variations.
- D.15 To ensure that effective contingency arrangements, including back-up procedures, exist for computer systems in accordance with the ICT and Information Security Standards. Wherever possible, back-up information

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should be securely retained in a fireproof location, preferably off site or at an alternative location within the building.

- D.16 To ensure that, where appropriate, computer systems are registered in accordance with general data protection legislation and that staff are aware of their responsibilities under the legislation.
- D.17 To ensure that relevant standards and guidelines for computer systems issued by the Director are observed, and that the ICT and Information Security Standards are observed.
- D.18 To ensure that computer equipment and software are protected from loss and damage through theft, vandalism, etc.
- D.19 To comply with copyright, design, and patent legislation and to ensure that:
- (a) only software legally acquired and installed by the Authority is used on its computers,
 - (b) staff are aware of legislative provisions, and
 - (c) in developing systems, due regard is given to the issue of intellectual property rights.

INCOME AND EXPENDITURE

Income

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- D.20 Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted, and banked properly. It is preferable to obtain income in advance of supplying goods or services as this improves the Authority's cash flow and avoids the time and cost of administering debts.

Key controls

- D.21 The key controls for income are:

- (a) all income due to the Authority is identified and charged correctly, in accordance with an approved charging policy, which is regularly reviewed,
- (b) all income is collected from the correct person, at the right time, using the correct procedures and the appropriate stationery, and
- (c) all monies received by an employee on behalf of the Authority is deposited with the appropriate officers ready for collection by an approved security company appointed by the Authority, this should be properly recorded via e-returns or cash receipting. The responsibility for cash collection should be separated from that:
 - for identifying the amount due, and
 - for reconciling the amount due to the amount received,
- (d) effective action is taken to pursue non-payment within defined timescales,
- (e) formal approval for debt write-off is obtained,

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- (f) appropriate write-off action is taken within defined timescales,
- (g) appropriate accounting adjustments are made following write-off action,
- (h) all appropriate income documents are retained and stored for the defined period in accordance with the document retention periods.
- (g) money collected and deposited is reconciled to the bank account and/or general ledger system by a person who is not involved in the collection or banking process, and
- (h) all controlled stationery associated with income collection (e.g. receipt books, paying in books etc.) is held in a controlled environment.

Responsibilities of the Section 151 Officer

- D.22 To agree arrangements for the collection of all income due to the Authority and to approve the procedures, systems and documentation for its collection.
- D.23 To issue guidelines to departments on appropriate procedures for the order and supply of all receipt forms, books or tickets and similar items and to satisfy himself or herself regarding the arrangements for their control.
- D.24 To agree the write-off of bad debts up to an approved limit as detailed below:

Officer	Authorisation Limit
Budget Holder	Up to £1,000

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Service Manager	Up to £5,000
Director	Up to £10,000
Section 151 Officer/Deputy S151	Up to £50,000
Cabinet Approval	Over £50,000

- D.25 To approve debts to be written off, in consultation with the relevant Director, as detailed in the officers' scheme of delegation and to adhere to the requirements of the Accounts and Audit Regulations 2015.
- D.26 To obtain the approval of the Cabinet in consultation with the relevant Directors for writing off debts in excess of the approved limits set down in the officers' scheme of delegation.
- D.27 To ensure that appropriate accounting adjustments are made following write-off action.
- D.28 To issue detailed guidance to departments regarding VAT and its correct treatment.
- D.29 To examine any proposal for the introduction of, or a variation in, a scale of charges other than those agreed at national or regional level.
- D.30 To inform Directors of the Council's insurance limits relating to cash holdings.
- D.31 To make or approve arrangements with the Council's bankers and to operate such bank accounts as are considered necessary. No bank accounts or similar may be opened without the consent of the Section 151 Officer. The maintenance of Council bank accounts shall be in accordance with arrangements determined by the Section 151 Officer.

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- D.32 To make or approve all arrangements in connection with electronic payment and collection of monies and to ensure that adequate security exists within these arrangements to prevent loss due to error or fraud.
- D.33 To ensure that all cheques and other orders for payment bear the electronic signature of the Chief Executive or be signed by the Section 151 Officer or other officers so authorised.

Responsibilities of Directors

- D.34 To establish a charging policy for the supply of goods or services, including the appropriate charging of VAT, and to review it at least annually, in line with corporate policies and in consultation with the Section 151 Officer and Monitoring Officer. After this consultation, the charging policies proposed by Directors should be referred to Cabinet for approval.
- D.35 To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.
- D.36 To establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly.
- D.37 To issue official receipts or to maintain other documentation for income collection. All sums shall be immediately acknowledged by the issue of an official receipt or ticket or by other means agreed with the Section 151 Officer. Payments by cheque or electronic means need not be acknowledged unless requested.
- D.38 To ensure that controlled stationery is administered securely. A register should be maintained of all controlled stationery held and that which has been issued to staff. Blank/unused stationery should only be issued to staff on receipt of

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their signature in the register. A regular independent reconciliation of physical controlled stationery stocks to the register should be performed, by an officer within the service area who is not directly involved in the administration, or use, of such stationery.

- D.39 Ensure that all monies received through the post are identified and recorded.
- D.40 To hold securely receipts, tickets and other records of income for the appropriate period as defined in the Records Management Policy.
- D.41 To lock away all income to safeguard against loss or theft, and to ensure the security of cash handling, having regard to the Council's insurance provisions for cash holdings.
- D.42 To ensure that safe keys are securely held by named officers at all times and that a register of such key holders is maintained.
- D.43 To ensure that income is 'banked intact' and collected by an approved security company appointed by the Council in the form in which it is received. Appropriate details should be recorded on to paying-in slips to provide an audit trail. Money collected and deposited must be reconciled to the bank account and/or general ledger system on a regular basis. Payments shall be at least weekly, unless otherwise agreed by the Section 151 Officer. Where amounts in hand exceed £500, or the insurance limit for cash holdings (whichever is the lesser), they shall be paid in forthwith, ready for collection by the approved security company. Directors must ensure by liaison with the Section 151 Officer that the insurance limit on their safe is adequate to cover the value of monies received and held.
- D.44 To ensure income is not used to cash personal cheques or other payments, unless such cheques are drawn on the Council's bank account and the express authority of the Section 151 Officer has been given to such action, or to finance expenditure.

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- D.45 To supply the Section 151 Officer with details relating to work done, goods supplied, services rendered or other amounts due, to enable the Section 151 Officer to correctly record the sums due to the Authority and to ensure debtor accounts are sent out promptly. To do this, Directors should use established performance management systems to monitor recovery of income and flag up areas of concern to the Section 151 Officer. Directors have a responsibility to assist the Section 151 Officer in collecting debts that they have originated in accordance with the Council's Debt Management Strategy, by providing any further information requested by the debtor, and in pursuing the matter on the Authority's behalf. Only cash holdings of an approved level, as defined by the Council's insurance arrangements available from the Section 151 Officer can be held on the premises.
- D.46 To keep a record of every transfer of money (cash or cheque) between employees of the Authority; such a transfer should be immediately evidenced in writing. The receiving officer must sign for the transfer and the transferor must retain a copy.
- D.47 To recommend to the Section 151 Officer all debts to be written off and to keep a record of all sums written off up to the approved limit. Once raised, no bona fide debt may be cancelled, except by full payment or by its formal writing off. A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt.
- D.48 To obtain the approval of the Section 151 Officer when writing off debts, in accordance with the provisions of the officers' scheme of delegation, and the approval of the Cabinet where required.
- D.49 To ensure that the existence of any sums advanced as change monies by the Section 151 Officer are periodically verified by an independent officer.
- D.50 To ensure that levels of income received are compared to budgeted figures of income due on a regular basis and that differences are promptly investigated.

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Where a decision is made by a Director to offer services at a discount (for example, to increase demand), the 'discount' / reduced income will be borne by the service area. In making such decisions, the Director must have regard to the overall income targets set for the service area.

- D.51 To obtain the advice of the Section 151 Officer on any agreements which provide for variable income and the approval of the Section 151 Officer for arrangements to pay by instalments.
- D.52 To ensure, wherever possible and practical, that income is collected in advance of a service or where this is not possible by an official invoice.
- D.53 To ensure that grant claims requiring certification in the name of the Section 151 Officer are submitted for approval to the Section 151 Officer on a timely basis.
- D.54 To ensure that any donations made to the Council are receipted and banked in accordance with the procedures set out above and charged against an appropriate income code in the Council's accounts.

Ordering and paying for work, goods and services**Why is this important?**

- D.55 Public money should be spent with demonstrable probity and in accordance with the Authority's policies. The Authority has a statutory duty to achieve best value in part through economy and efficiency. The Authority's procedures should help to ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with the Authority's standing orders with respect to contracts.

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- D.56 Every officer and member of the Authority has a responsibility to declare any links, relationships, or personal interests that they may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Authority, in accordance with the Council's codes of conduct and section 117 of the Local Government Act 1972.
- D.57 Official orders must be in a form approved by the Section 151 Officer. In most cases goods should be procured through the electronic ordering system, an electronic order raised on that system. Paper based ordering books may be used where the electronic order system is not available to services e.g. schools. Official orders must be completed for all work, goods, or services to be supplied to the Authority, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions specified by the Section 151 Officer (such as construction works, payments under contract, and purchases made using purchase cards). In the case of periodic payments or contracts, documentary evidence of the instigation of the contractual obligation and terms (e.g. duration of agreement, price charged) should be retained and invoices checked and agreed to the agreement terms prior to payment.
- D.58 Apart from petty cash, schools' own bank accounts and other payments from advance accounts, the normal method of payment from the Authority shall be by BACs transmission or cheque, drawn on the Authority's bank account by the Section 151 Officer. The use of direct debit shall require the prior agreement of the Section 151 Officer.
- D.59 Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of Authority contracts. Staff involved in ordering or otherwise committing expenditure must ensure that there is budgetary provision before an order is placed, and that standing orders with respect to contracts are complied with.

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Key controls

D.60 The key controls for ordering and paying for work, goods and services are:

- (a) all goods and services are ordered only by appropriate persons, as detailed on departmental authorised signatory lists, and are correctly recorded on official order forms,
- (b) where goods or services are purchased from outside the Authority, the Authority's standing orders with respect to contracts must be followed,
- (c) goods and services received are checked to ensure they are in accordance with the order,
- (d) payments are not made unless goods have been received by the Authority at the correct price, quantity, and quality standards,
- (e) all payments are made to the correct person/body, for the correct amount and are properly recorded, regardless of the payment method,
- (f) all payments should be made in £ sterling, if a contract / service is required to be paid in any other currency approval must be sought via the Business Partnering / Financial Planning Strategic Lead before any commitment is made,
- (g) all appropriate evidence of the transaction and payment documents are retained and stored for the periods stated within the Records Management Policy,

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- (h) all expenditure, including VAT, is accurately recorded against the correct budget, and
- (i) in addition, the effect of e-business/e-commerce and electronic purchasing requires that processes are in place to maintain the security and integrity of data for transacting business electronically.

Responsibilities of the Section 151 Officer

- D.61 To ensure that all the Authority's financial systems and procedures are sound and properly administered.
- D.62 To approve any changes to existing financial systems and to approve any new systems before they are introduced.
- D.63 To approve the form of official orders (both hard copy and electronic).
- D.64 To make payments from the Authority's funds on the Director's authorisation that the expenditure has been duly incurred in accordance with financial regulations.
- D.65 To make payments, whether provision exists within the estimates, where the payment is specifically required by statute or is made under a court order.
- D.66 To make payments to contractors on the certificate of the appropriate Directors, which must include details of the value of work, retention money, amounts previously certified and amounts now certified.

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- D.67 To provide advice and encouragement on making payments by the most economical means.
- D.68 To ensure that a budgetary control system is established that enables commitments incurred by placing orders to be shown against the appropriate budget allocation so that they can be taken into account in budget monitoring reports.

Responsibilities of Directors

- D.69 To ensure that contractual terms and conditions for the supply of goods and services are in the Authority's best interests.
- D.70 To ensure that unique pre-numbered official hard copy orders, or, in the case of the electronic procurement system, official electronic orders, are used for all goods and services, other than in the case of exceptions such controlled stationery must be securely administered. Orders must be raised as soon as is practicable and fully completed, especially regarding the price agreed for the items or services. Only in emergency situations can an order be raised after receipt of an invoice, and the order should then be clearly marked 'confirmation only'.
- D.71 To ensure that orders are only used for goods and services provided to the department; to ensure that adequate systems are in place to prevent the use of official orders by individuals to obtain goods or services for their private use.
- D.72 To ensure that only authorised staff as recorded on the departmental authorised signatory list, authorise orders; and to ensure that the authorised signatory list is kept up to date, includes specimen signatures and initials and identifies in each case the limits of each authorised signatory's authority. Directors should ensure that those authorised signatories committing the department to expenditure are aware of their responsibilities and are satisfied that goods and services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained in accordance with

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standing orders with respect to contracts. Best value principles should underpin the Authority's approach to procurement. Value for money should always be achieved.

D.73 To ensure that goods and services are checked on receipt to verify that they are in accordance with the order and of sufficient quality and quantity. This check should, where possible, be carried out by a different officer to the person who authorised the order. Appropriate entries should then be made in inventories or stores records.

D.74 To ensure that payment is not made unless a proper VAT invoice has been received, checked, coded, and certified for payment, confirming:

(a) receipt of goods or services,

(a) that the invoice has not previously been paid,

(b) that expenditure has been properly incurred and is within budget provision,

(c) that prices and arithmetic are correct and accord with quotations, tenders, contracts, or catalogue prices,

(d) correct accounting treatment of tax,

(e) that the invoice is correctly coded,

(f) that discounts have been taken where available, and

(g) that appropriate entries will be made in accounting records and stores / inventories records.

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- D.75 To ensure that two authorised members of staff are involved in the ordering, receiving and payment process. If possible, a different officer from the person who approved the order, and in every case, a different officer from the person checking a written invoice, should authorise the invoice.
- D.76 To ensure that the department maintains and reviews periodically a list of staff approved to authorise invoices. Names of authorising officers together with specimen signatures and details of the limits of their authority shall be forwarded to the Section 151 Officer.
- D.77 To ensure that payments are not made on a photocopied invoice, statement or document other than the formal invoice, except where the requirements relating to faxed invoices (see below) are met. Payment should not be made on a photocopied invoice, as this may affect the Council's ability to reclaim VAT. Where the original invoice has not reached the Council for whatever reason, an official duplicate invoice (not a photocopy) should be requested from the supplier. Emailed invoices from a supplier, where the supplier's name and email address are shown are sufficient. Checks must be performed to ensure that any invoices have not previously been paid.
- D.78 To encourage suppliers of goods and services to receive payment by the most economical means for the Authority. It is essential, however, that payments made by direct debit have the prior approval of the Section 151 Officer.
- D.79 To ensure that the department obtains best value from purchases by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality.
- D.80 To ensure that standing orders with respect to contracts are explicitly complied with.

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- D.81 To ensure that employees are aware of codes of conduct and the requirements to declare any personal or pecuniary interests.
- D.82 To ensure that loans, leasing, or rental arrangements are not entered into without prior agreement from the Section 151 Officer. This is because of the potential impact on the Authority's borrowing powers, to protect the Authority against entering unapproved credit arrangements and to ensure that value for money is being obtained.
- D.83 To notify the Section 151 Officer of any outstanding expenditure relating to the concluding financial year in line with the timetable determined by the Section 151 Officer.
- D.84 With regard to contracts for construction and alterations to buildings and for civil engineering works, to document and agree with the Section 151 Officer the systems and procedures to be adopted in relation to financial aspects, including certification of interim and final payments, checking, recording, and authorising payments, the system for monitoring and controlling capital schemes and the procedures for validation of subcontractors' tax status.
- D.85 To notify the Section 151 Officer immediately of any expenditure to be incurred because of statute/court order where there is no budgetary provision.
- D.86 To adhere to the requirements of the Late Payment of Commercial Debts (Interest) Act 1998. Invoices subject to prompt payment shall be passed in sufficient time to enable discounts to be claimed; where credit terms are not stated, invoices should normally be paid within 30 days.
- D.87 To ensure, that where grants can be claimed on expenditure incurred, the appropriate grant conditions are known and arrangements are in place to ensure that payments meet these conditions regarding types of expenditure, payment dates etc.

NORTH EAST LINCOLNSHIRE COUNCIL***Payments to employees and Members*****Why is this important?**

D.88 Staff costs are the largest item of expenditure for most Authority services. It is therefore important that payments are accurate, timely, made only where they are due for services to the Authority and that payments accord with individuals' conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for and that Members' allowances are authorised in accordance with the scheme adopted by the full Council.

Key controls

D.89 The key controls for payments to employees and Members are:

- (a) proper authorisation procedures are in place and that there is adherence to corporate timetables in relation to:
 - starters
 - leavers
 - variations
 - enhancements
 - other expenses (e.g. relocation expenses) and that payments are made on the basis of timesheets or claims,
- (b) frequent reconciliation of payroll expenditure against approved budget and bank account,
- (c) all appropriate payroll documents are retained and stored for the defined period detailed in the Records management Policy, and
- (d) that HM Revenue & Customs regulations are complied with.

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Responsibilities of the Section 151 Officer

- D.90 To arrange, control and secure reliable payment of salaries, wages, compensation, or other emoluments to existing and former employees, in accordance with procedures prescribed by him or her, on the due date.
- D.91 To record and make arrangements for the accurate and timely payment of tax, superannuation and other deductions.
- D.92 To make arrangements for payment of all travel and subsistence claims.
- D.93 To make arrangements for paying Members travel or other allowances upon receiving the prescribed form, duly completed and authorised.
- D.94 To provide advice and encouragement to secure payment of salaries and wages by the most economical means.
- D.95 To ensure that there are adequate arrangements for administering superannuation matters on a day-to-day basis.
- D.96 To approve, in accordance with guidelines agreed with the Monitoring Officer, the making of ex gratia payments including the setting of limits that will apply.

Responsibilities of Directors

- D.97 To ensure appointments are made in accordance with the regulations of the Authority and approved establishments, grades and scale of pay and that adequate budget provision is available.

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- D.98 To notify the Section 151 Officer 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 Section 151 Officer.
- D.99 To ensure that adequate and effective systems and procedures are operated, so that:
- payments are only authorised to bona fide employees,
 - payments are only made where there is a valid entitlement,
 - conditions and contracts of employment are correctly applied, and
 - employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness.
- D.100 To send an up-to-date list of the names of officers authorised to sign records to the Section 151 Officer and Assistant Director People and Organisational Development – Resources.
- D.101 To ensure that payroll transactions are processed only through the Payroll System. Directors should consider the employment status of individuals employed on a self-employed consultant or subcontract basis. HM Revenue & Customs applies a tight definition for employee status, and in cases of doubt, advice should be sought from the Section 151 Officer.
- D.102 To certify travel and subsistence claims and other allowances. Certification is taken to mean that journeys were authorised, and expenses properly and necessarily incurred, and that allowances are properly payable by the Authority, ensuring that cost-effective use of travel arrangements is achieved. Claims submitted must provide sufficient information to allow such certification to take place. Due consideration should be given to tax implications and that the Section 151 Officer is informed of such implications where appropriate.
- D.103 To ensure that the Section 151 Officer is notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax self-assessment system.

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- D.104 To ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the Records Management Strategy.
- D.105 To ensure that receipts are provided for expenditure claimed wherever possible, as required by HM Revenue & Customs.
- D.106 To ensure that employees' travel and subsistence claims are usually submitted monthly. At the discretion of the Director, however, subsistence claims of less than 50 miles per month may be held by the employee and submitted on a quarterly basis, provided that the certifying officer is still able to check the claims properly. Claims over 3 months old must be certified by the Director. All claims in respect of a financial year must however be submitted no later than one month following 31 March in any year.
- D.107 To ensure that all timesheets or other pay documents are in a form prescribed or approved by the Section 151 Officer and shall be duly certified by a nominated officer.
- D.108 To maintain a personal record file for each employee within the approved establishment, containing a copy of the employee's contract of employment together with sufficient information to identify service, salary scale and current amount payable, sickness leave taken and annual leave due and taken.
- D.109 On a regular basis each Director shall be provided by the Section 151 Officer with a list of staff currently being paid by the Authority within his or her department, and the rate at which each is currently being paid. The Director shall certify that every name on the list is a bona fide employee of the department and that the rate of payment to the employee is correct. Any discrepancies discovered should be communicated immediately to the Section 151 Officer, Assistant Director People and Organisational Development – Resources and the Head of Audit and Assurance.

Responsibilities of Members

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D.110 To submit claims for Members' travel and subsistence allowances monthly. Where claims are for values of less than £20, these may be held by the member and submitted at a future date when the aggregated claim exceeds this value. Claims in respect of a financial year must however be submitted within one month of the year end.

TAXATION**Why is this important?**

D.111 Like all organisations, the Authority is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe. It is therefore very important for all officers to be aware of their role.

Key controls

D.112 The key controls for taxation are:

- (a) budget managers are provided with relevant information and kept up to date on tax issues,
- (b) budget managers are instructed on required record keeping,
- (c) all taxable transactions are identified, properly carried out and accounted for within stipulated timescales,
- (d) records are maintained in accordance with instructions, and
- (e) returns are made to the appropriate authorities within the stipulated timescale.

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Responsibilities of Section 151 Officer

- D.113 To complete all HM Revenue & Customs returns regarding PAYE.
- D.114 To complete a monthly return of VAT inputs and outputs to HM Revenue & Customs.
- D.115 To provide details to HM Revenue & Customs regarding the construction industry tax deduction scheme.
- D.116 To maintain up to date guidance for Authority employees on taxation issues, including VAT.

Responsibilities of Directors

- D.117 To ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HM Revenue & Customs regulations.
- D.118 To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements.
- D.119 To ensure that all persons employed by the Authority are added to the Authority's payroll and tax deducted from any payments, except where the individuals are bona fide self-employed or are employed by a recognised staff agency.
- D.120 To follow guidance on taxation issued by the Section 151 Officer.

TRADING ACCOUNTS AND BUSINESS UNITS

NORTH EAST LINCOLNSHIRE COUNCIL

Why is this important?

- D.121 Trading accounts and business units have become more important as local authorities have developed a more commercial culture. Under best value, authorities are required to keep trading accounts for services provided on a basis other than straightforward recharge of cost.

Responsibilities of the Section 151 Officer

- D.122 To advise on the establishment and operation of trading accounts and business units.

Responsibilities of Directors

- D.123 To consult with the Section 151 Officer where a business unit wishes to enter a contract with a third party where the contract expiry date exceeds the remaining life of their main contract with the Authority. In general, such contracts should not be entered into unless they can be terminated within the main contract period without penalty.
- D.124 To observe all statutory requirements in relation to business units, including the maintenance of a separate revenue account to which all relevant income is credited and all relevant expenditure, including overhead costs, is charged, and to produce an annual report in support of the final accounts.
- D.125 To ensure that the same accounting principles are applied in relation to trading accounts as for other services or business units.
- D.126 To ensure that each business unit prepares an annual business plan.

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APPENDIX E

**Financial Procedure Rules:
External Arrangements**

PARTNERSHIPS

Why is this important?

NORTH EAST LINCOLNSHIRE COUNCIL

- E.1 Partnerships play a key role in delivering community strategies and in helping to promote and improve the well-being of the area. The Authority is working in partnership with others – public agencies, private companies, community groups and voluntary organisations. Local authorities still deliver some services, but their distinctive leadership role is to bring together the contributions of the various stakeholders. They therefore need to deliver a shared vision of services based on user wishes.
- E.2 The Authority will mobilise investment, bid for funds, champion the needs of their areas, and harness the energies of local people and community organisations. Local authorities will be measured by what they achieve in partnership with others.

General

- E.3 The main reasons for entering a partnership are:
- (a) the desire to find new ways to share risk,
 - (b) the ability to access new resources,
 - (c) to provide new and better ways of delivering services,
 - (d) to forge new relationships, and
 - (e) to provide value for money to the taxpayer.

- E.4 A partner is defined as either:

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- (a) an organisation (private or public) undertaking, part funding or participating as a beneficiary in a project, or
- (b) a body whose nature or status give it a right or obligation to support the project.

E.5 Partners participate in projects by:

- (a) acting as a project deliverer or sponsor, solely or in concert with others,
- (b) acting as a project funder or part funder,
- (c) being the beneficiary group of the activity undertaken in a project.

E.6 Partners have common responsibilities:

- (a) to be willing to take on a role in the broader programme appropriate to the skills and resources of the partner organisation,
- (b) to always act in good faith and in the best interests of the partnership's aims and objectives,
- (c) be open about any conflict of interests that might arise,
- (d) to encourage joint working and promote the sharing of information, resources, and skills between public, private and community sectors,

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- (e) to hold confidentially any information received because of partnership activities or duties that is of a confidential or commercially sensitive nature,
- (f) to act wherever possible as ambassadors for the project, and
- (g) to ensure that partnership arrangements are not ultra vires.

Key controls

E.7 The key controls for Authority partners are:

- (a) if appropriate, to be aware of their responsibilities under the Authority's financial regulations and the code of practice on tenders and contracts,
- (b) to ensure that risk management processes are in place to identify and assess all known risks,
- (c) to ensure that project appraisal processes are in place to assess the viability of the project in terms of resources, staffing and expertise,
- (d) to agree and accept formally the roles and responsibilities of each of the partners involved in the project before the project commences, and
- (e) to communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.

Responsibilities of the Section 151 Officer

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E.8 To advise on effective controls that will ensure that resources are not wasted.

E.9 To advise on the key elements of funding a project. They include:

(a) a scheme appraisal for financial viability in both the current and future years,

(b) risk appraisal and management,

(c) resourcing, including taxation issues,

(d) audit, security, and control requirements, and

(e) carry-forward arrangements.

E.10 To ensure that the accounting arrangements are satisfactory, including determining whether pooled budgets may be considered and if so, the procedures to be followed in the administration of those pooled budgets, and to ensure that value for money is obtained for the taxpayer.

Responsibilities of Directors

E.11 To ensure that all contracts entered with external bodies are published and maintained on the contracts register in accordance with procedures specified by the Section 151 Officer.

E.12 To ensure that, before entering into agreements with external bodies, a risk management appraisal has been prepared for the Section 151 Officer.

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- E.13 To ensure that such agreements and arrangements do not impact adversely upon the services provided by the Council.
- E.14 To ensure that all agreements and arrangements are properly documented, legally binding, and that rights of access to information, records and personnel are secured for Internal Audit. Advice should be sought in advance from Legal Services and the Section 151 Officer, regarding the form of partnership agreement and the correct Authority signatories and procedures for such an agreement.
- E.15 To provide appropriate information to the Section 151 Officer to enable a note to be entered into the Authority's Statement of Accounts concerning material items; and to follow any instructions issued by the Section 151 Officer where the Section 151 Officer determines that a pooled budget may be established.
- E.16 To ensure the legality of partnership arrangements before entering them.
- E.17 To ensure that where the entering into a partnership requires a financial commitment from the Authority, either immediate or potential, for which budget provision is not available, or where the acceptance of external funding would lead to a financial commitment beyond the current year, the Director in conjunction with the Section 151 Officer shall provide a written report to Council giving a full appraisal of the financial implications for the Council of the scheme both in the current year and beyond. The approval of the Cabinet must be secured before the Director commits the Authority to any partnership agreement in these circumstances, after taking advice from the Monitoring Officer.
- E.18 To be responsible and accountable for financial monitoring and evaluation of performance of each partnership entered by the Director's applicant department.

EXTERNAL FUNDING

NORTH EAST LINCOLNSHIRE COUNCIL**Why is this important?**

- E.19 External funding is potentially a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the Authority. Local authorities are increasingly encouraged to provide seamless service delivery through working closely with other agencies and private sector providers. Funds from external agencies such as the Big Lottery and central government sources provide additional resources to enable the Authority to deliver services to the local community. However, in some instances, although the scope for external funding has increased, such funding is linked to tight specifications and may not be flexible enough to link to the Authority's overall plan.

Key controls

- E.20 The key controls for external funding are:

- (a) to ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood,
- (b) to ensure that funds are acquired only to meet the priorities approved in the policy framework by the full Council,
- (c) to ensure that any match-funding requirements are given due consideration prior to entering into long-term agreements and that future revenue budgets reflect these requirements.
- (d) ensure sufficient capacity is available to deliver the project the funding has been sourced for.

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Responsibilities of the Section 151 Officer

- E.21 To ensure that all funding notified by external bodies is received and properly recorded in the Authority's accounts.
- E.22 To ensure that the match-funding requirements are considered prior to entering into the agreements and that future revenue budgets reflect these requirements.
- E.23 To ensure that audit requirements are met.

Responsibilities of Directors

- E.24 To ensure that all claims for funds are made by the due date and signed by the appropriate signatory.
- E.25 To ensure that the project progresses in accordance with the agreed project plan and that all expenditure is properly incurred and recorded.
- E.26 To nominate a named responsible senior officer to be accountable for the performance and financial monitoring of each project, and to ensure that where external/grant funding is received this is recorded formally into the general ledger system.
- E.27 To ensure that written approval is obtained from the funder which clearly shows the approved allocation, the purpose of the grant and the financial period to which it relates.
- E.28 To ensure that project named responsible officers check, prior to submission of a grant claim, that all expenditure declared is eligible in accordance with the

NORTH EAST LINCOLNSHIRE COUNCIL

relevant funder's criteria. Should there be any uncertainty as to the purpose of such funding, the responsible officer should make such enquiries as are necessary to the funder to ensure the proper use of grant.

- E.29 To ensure that any guidance issued by the Section 151 Officer on receipt of funds from a third party (i.e. matched funding) in grant submission is adhered to.
- E.30 To ensure that grant claim working papers are maintained in a form agreed by the Section 151 Officer.
- E.31 To ensure that the way external funding is managed is in accordance with Council policy and instructions, standing orders with respect to contracts and financial regulations in addition to the funder's own requirements.
- E.32 To ensure that where the use of external funding for projects requires a financial commitment from the Council for which budget provision is not available, or where the acceptance of external funding would lead to a financial commitment beyond the current year, the Director in conjunction with the Section 151 Officer shall provide a written report to Cabinet giving a full appraisal of the financial implications for the Council of the scheme both in the current year and beyond. The approval of the Cabinet must be secured before the Director commits the Authority to any agreement. Where external funding is secured for a limited period, any operational arrangements put in place must not assume the fall-out of grant will be replaced by mainstream funding.
- E.33 To ensure that where additional financial support is to be sought from other agencies, this is subject to the proper decision-making processes of the Council, as set out in the budget and policy framework, in order to ensure that there is a clear understanding of the action to be taken and clear lines of responsibility and accountability.

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WORK FOR THIRD PARTIES

Why is this important?

- E.34 Current legislation enables the Council to provide a range of services to other bodies. Such work may enable a unit to maintain economies of scale and existing expertise. Arrangements should be in place to ensure that any risks associated with this work is minimised and that such work is intra vires.

Key controls

- E.35 The key controls for working with third parties are:
- (a) to ensure that proposals are costed properly in accordance with guidance provided by the Section 151 Officer,
 - (b) to ensure that contracts are drawn up using guidance provided by the Section 151 Officer and that the formal approvals process is adhered to, and
 - (c) to issue guidance about the financial aspects of third-party contracts and the maintenance of the contract register.

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Responsibilities of Executive Director Environment Economy and Resources (S151)

- E.36 To issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

Responsibilities of Directors

- E.37 To ensure that the approval of the Cabinet is obtained before any negotiations are concluded to work for third parties.
- E.38 To maintain a register of all contracts entered with third parties in accordance with procedures specified by the Section 151 Officer.
- E.39 To ensure that appropriate insurance arrangements are made.
- E.40 To ensure that the Authority is not put at risk from any bad debts.
- E.41 To ensure that no contract is subsidised by the Authority unless specifically approved by the Council.
- E.42 To ensure that, wherever possible, payment is received in advance of the delivery of the service.
- E.43 To ensure that the department/unit has the appropriate expertise to undertake the contract.
- E.44 To ensure that such contracts do not impact adversely upon the services provided for the Authority.

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- E.45 To ensure that all contracts are properly documented.
- E.46 To provide appropriate information to the Section 151 Officer to enable a note to be entered into the Statement of Accounts.
- E.47 To ensure the undertaking of work for third parties falls within the Council's statutory powers.

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Appendix F

Financial Procedure Rules: Certifying Officers Authorisation Limits

Responsibilities

- F.1 Responsibilities are set out in the Council's Financial Regulations and Procedure Rules.
- F.2 It is the responsibility of the Section 151 Officer to issue advice, guidance, and procedures.
- F.3 It is the responsibility of Directors to establish a schedule of authorised signatories, identifying officers authorised to act on the Director's behalf in respect of payments, income collection and placing orders, including variations, and detailing the limits of their authority.
- F.4 The list of authorised signatories with their individual financial limits is maintained by the Finance Service.

Principles applying to delegated limits

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- F.5 Authority limits should be set at the lowest practical level, taking account of the typical value and incidence of individual transactions.
- F.6 Individuals should be authorised to commit the Authority only in those areas where they have sufficient knowledge and responsibility to do so.
- F.7 Whilst the limits below are for guidance, higher limits should only be authorised in exceptional circumstances and will require the approval of the Section 151 Officer.
- F.8 The Chief Executive/ Directors must approve all delegated authorities.

Limits for Authorising Expenditure

- F.9 The limits for approval of orders and expenditure on contracts and certifying invoices/payment vouchers are as set out below.

Scheme of Delegation Role	Authorisation Limit
Executive	Unlimited
Director	£2,000,000
Service Head / Assistant Director	£500,000
Service Manager	£150,000
All other level	£10,000

Bank Signatories

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F.10 The Section 151 Officer maintains a list of bank/cheque signatories.

F.11 All CHAPS payments over £50,000 are verified by Accountancy

F.12 Payments over £50,000 are subject to additional checking.

F.13 The following payments are authorised to be paid and are not subject to the limits detailed above:

(a) Treasury transactions (refer to Treasury Management Procedures)

(b) HM Revenues & Customs (PAYE, National Insurance, VAT)

(c) Payments to Pension Fund in respect of employee and employer contributions

(d) Payments to local authority schools.

Section 3

Supporting Policies

NORTH EAST LINCOLNSHIRE COUNCIL

Links to Appropriate Policies

- [Treasury Management Policy and Strategy](#)
- [ICT & Information Security Policy](#)
- [Pay policy](#)
- [Recruitment and Selection](#)
- [People Strategy](#)
- [Internal Audit Charter](#)
- [Risk and Opportunities Protocol](#)
- [Fraud Strategy, Reporting a Concern \(Whistleblowing\) Policy, Anti Money Laundering Policy](#)
- [Asset Disposal Guidance](#)
- [NELC VAT Manual](#)
- [Debt Management Strategy](#)
- [Corporate Asset Management Plan](#)
- [Records Management Policy](#)

Contract Procedure Rules (CPRs)



January 2026

Contract Procedure Rules

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Contract Procedure Rules

1. Definitions

Academy	A school that is directly funded by central government and independent of local authority control
Aggregation	The identification of similar purchases made and combined aggregated requirements over a specified period of time
Appropriate Officer	Member of staff who has delegated authority to conduct procurement exercises
Below-threshold Tender Notice	Use to notify the market that the Council is commencing a below threshold procurement
Budget Holder	The manager with responsibility for the budget concerned and with delegated authority to award the contract
Cabinet Member	Elected member of the Council who is responsible for the Cabinet Portfolio under which the service area sits
Category Manager	Officer responsible for the development of a category plan and to oversee procurement activity within the category
Centralised Procurement Authority	In this Act, “centralised procurement authority” means a Contracting Authority that is in the business of carrying out procurement for or on behalf of, or for the purpose of the supply of goods, services or works to, other contracting authorities.
Closed Tender Process	A number of providers are selected by the Council to be invited to participate in the tender opportunity as opposed to being “open” where anyone can submit an offer.
Commissioning	The process of specifying, securing and monitoring services to meet people’s needs at a strategic level. An ongoing process, it deals with whole groups of people, which distinguishes it from the process of buying individual services.
Concessions	A Concession Contract is where the Council grants a supplier the right to provide a service and rather than pay the supplier for providing the service. The Council transfers the opportunity of the market to the supplier, along with the demand risk in relation to the level of the market. Revenue from fees paid by service users is kept

Contract Procedure Rules

	by the supplier and used to meet the costs incurred in delivering the service and potentially to make a profit
Conditions of Participation	A condition that the supplier must satisfy in order to be awarded a Public Contract. Conditions of Participation are set out in the tender documents.
Constitution	The set of legal, administrative and legislative principles by which the Council is governed, especially in relation to the rights of the people it governs.
Contract	Document setting out various particulars for the provision of goods, services and works
Contract Award Notice	Used to notify the market that it intends to enter a Public Contract. Issued via the Find a Tender Service.
Contract Details Notice	Used to confirm that a Public Contract has been entered into. Issued via the Find a Tender Service.
Contracting Authority	In the Act, 'Contracting Authority' means a public authority as defined in the Act. The Council is a Contracting Authority.
Council Plan	The document by which the Council sets out its priorities and objectives, and how it will achieve them
Council	North East Lincolnshire Borough Council
Covered Procurement	In the Act, a 'Covered Procurement' means the award, entry into and management of a Public Contract which is subject to the Procurement Act 2023.
CPR	Contract Procedure Rule
Director	Officer who is responsible for a Service Area or grouping of services of the Council
Disaggregation	The splitting down of requirements into lower value packages. This is not allowed under the Procurement Act 2023
e-Certis	e-Certis is a guide to the different documents & certificates required from companies tendering for Public Contracts in any EU country

Contract Procedure Rules

Electronic auction	Price based procurement auction performed online following evaluation against non-price criteria. Usually a reverse auction where tenderers repetitively lower their prices.
Equans	Equans, the Council's Regeneration Partner
Excludable Supplier	A supplier or associated person who the contracting authority considers is subject to a discretionary exclusion ground (listed in Schedule 7 of the Procurement Act 2023) which is ongoing or likely to occur again.
Excluded Supplier	A supplier or associated person who: ○ The contracting authority considers is subject to a mandatory exclusion ground (listed in Schedule 6 of the procurement Act 2023) which is ongoing or likely to occur again; and/or ○ Is on the Debarment List for a mandatory exclusion.
Find a Tender Service	The Central Digital Platform
Framework	An overarching agreement with a supplier where prices, specifications and terms are pre-agreed, but where there is no obligation to purchase. Requirements are "called off" as and when required over a specified timeframe.
Health Care Services	As defined in Schedule 1 of The Health Care Services (Provider Selection Regime) Regulations 2023
ITT	Invitation to Tender
Key Decision	Definition available at - https://www.nelincs.gov.uk/councillors-and-democracy/decision-making/how-decisions-are-made/ Section 4 (Cabinet Functions) of Article 4 (Decision Making).
Lowest Compliant	Of all offers, compliant with the essential criteria of the specification, this is the lowest priced offer: specification-compliance being the first factor to determine.
Maintained School	Primary and secondary schools funded by central government via the local authority, not charging fees to students.

Contract Procedure Rules

Most Advantageous Tender	The tender the Council considers satisfies its requirements and best satisfies the award criteria.
Moderated Score	For each criterion or response considered under an evaluation, the evaluation team agrees one score for the said criterion (not an average or an aggregated score across the evaluation team members)
Monitoring Officer	The Monitoring Officer ensures the lawfulness and fairness of Council decision making and serves as the guardian of the Council's Constitution and the decision-making process. Responsibilities include advising the Council on the legality of its decisions, providing guidance to councillors and officers on the Council's Constitution and its powers and assisting the Standards Committee in its role of promoting and maintaining high standards of conduct and probity within the Council.
Option Appraisal	The assessment of options in order to establish the most viable or feasible course of action.
Priorities	The areas that the Council or Procurement believes are important in order to deliver services to citizens
Procurement	The process of acquiring goods, services and works from third parties
Procurement Documents	(a) the tender notice or associated tender documents, including any requirements of a competitive tendering procedure, conditions of participation or award criteria; (b) documents inviting suppliers to participate in a competitive selection process under a framework, including details of the process, any conditions of participation or criteria for the award of the contract; (c) documents inviting suppliers to apply for membership of a dynamic market, including any conditions for membership;
Procurement Process	Can include (but not limited to): • preliminary market engagement; • developing procurement documentation; • deciding on the scope or structure of the procurement; • choice of award procedure;

Contract Procedure Rules

- selection of tenderers;
- mini competitions through frameworks or competitions under a Dynamic Market'; and,
- award of the contract;

Procurement Review Unit

A government body who aim to:

- Improve the capability and practices of contracting authorities for the benefit of everyone involved in public procurement by ensuring compliance with the Procurement Act 2023 (and trade agreements).
- Protect public procurement from suppliers that pose unacceptable risk.

Procurement Strategy

The document by which the Council sets out its procurement priorities and objectives, and how it will achieve them.

Project Team

A project team should include somebody technically proficient in the subject matter and usually includes: project manager, Procurement officer, finance officer, People and Culture officer, legal officer and any other expertise required to deliver the outcome.

Provider Selection Regime

The Health Care Services (Provider Selection Regime) Regulations 2023. These specify the rules the Council must following when procuring Health Care Services.

Purchasing Consortia

A group of organisations joining together for the shared purpose of purchasing supplies, services or works

Public Contract

Under the Procurement Act 2023, a Public Contract is a contract for the provision of goods, services or works where the whole life value exceeds the relevant threshold set out in [Schedule 1](#) of the Procurement Act 2023.

Relevant Bodies

A group of organisations defined in the Localism Act 2011, specifically voluntary and community organisations, charitable organisations, a group of two or more Council employees, parish and town Councils.

RFQ

Request for Quotation

Risk Management

The identification of potential risks and the arrangement of contingency plans to manage or minimise those risks

Contract Procedure Rules

Service Area	An area of the Council that is responsible for specific service delivery
SME	Small and medium sized enterprises
SME Concordat	A nationally recognised procurement agreement to encourage a mixed range of suppliers to help develop and stimulate a varied and competitive marketplace
Social Value	It involves looking beyond the price of each individual contract and looking at what the collective benefit to a community is when a public body chooses to award a contract.
Tender Notice	A notice informing the market that the Council is publishing a tender. Issued via the Find a Tender Service.
Threshold	Sets out the amount of money (or contract value) by which different procurement procedures are followed
TSO	Third Sector Organisation. A non-governmental organisation which principally reinvests its surpluses to further social, environmental or cultural objectives
VCSE	Voluntary, community and social enterprise. Any organisation (incorporated or not) working with a social purpose. This ranges from small community-based groups/schemes, through to larger registered charities and social enterprises, public service mutuals and cooperatives that operate locally, regionally and nationally
TUPE	The Transfer of Undertaking (Protection of Employment) Regulations 2006 (SI No.2006/246) as amended or re-enacted from time to time
Value for Money	Obtaining the most economical, efficient, and effective solution
VAT	Value Added Tax
Whole Life Cost	The maximum amount that could be expected to be paid under a contract including, where applicable, amounts already paid.

Contract Procedure Rules

YORtender

The Council's e-tendering system by which the Council effectively advertises and manages quotations and tenders

Contract Procedure Rules

2. Introduction

- 2.1. The CPRs form an integral part of the Council's Constitution and are the mandatory procurement procedures that must be followed by officers and elected members when the Council spends money on the goods, services and works it needs to deliver services to local people. It is the service area and service leads responsibility to ensure the CPRs are complied with.
- 2.2. All Council employees, or any authorised person undertaking a procurement, a concession or disposal exercise on behalf of the Council, must use the CPRs in conjunction with supporting guidance, or the Council's Financial Regulations and Procedure Rules as appropriate.
- 2.3. In order to be compliant with the Section 12 of the Procurement Act 2023, all procurements (excluding Health Care Services which are covered by the Provider Selection Regime) must have regard to the importance of the following procurement objectives:
 - 2.3.1. In carrying out a covered procurement, a Contracting Authority must have regard to the importance of:
 - 2.3.1.1. delivering value for money;
 - 2.3.1.2. maximising public benefit;
 - 2.3.1.3. sharing information for the purpose of allowing suppliers and others to understand the Council's procurement policies and decisions;
 - 2.3.1.4. acting, and being seen to act, with integrity.
 - 2.3.2. In carrying out a covered procurement, a Contracting Authority must treat suppliers the same unless a difference between the suppliers justifies different treatment.
 - 2.3.3. If a Contracting Authority considers that different treatment is justified in a particular case, the Council must take all reasonable steps to ensure it does not put a supplier at an unfair advantage or disadvantage.
 - 2.3.4. In carrying out a covered procurement, a Contracting Authority must:
 - 2.3.4.1. have regard to the fact that small and medium-sized enterprises may face particular barriers to participation, and
 - 2.3.4.2. consider whether such barriers can be removed or reduced.
- 2.4. When procuring Health Care Services covered by the Provider Selection Regime, the Council must have regard to the following principles:
 - 2.4.1. Act with a view to:
 - 2.4.1.1. securing the needs of the people who use the services,
 - 2.4.1.2. improving the quality of the services, and
 - 2.4.1.3. improving efficiency in the provision of the services
 - 2.4.2. Act transparently, fairly and proportionately.

3. Consequences of a non-compliant procurement

- 3.1. If the Council fails to conduct a compliant procurement, a potential supplier may have justifiable cause for legal challenge. This can result in the Council having to pay damages if such a complaint were upheld; in addition, a contract or framework may be rendered ineffective, either in whole or in part, and civil financial penalties may be imposed on the Council. A challenge will also include significant legal fees and is likely to take up extensive officer time. In addition, a challenge is likely to cause delay in awarding the contract procured

Contract Procedure Rules

and will therefore cause delays to implementing and mobilisation of the contract. Officers and elected members also have a personal responsibility to comply with these CPRs. Our practices are scrutinised by bidders and government via the Procurement Review Unit.

3.2. The CPRs have five main purposes:

- 3.2.1. to help the Council obtain value for money so that, in turn, value for money services may be provided to the public;
- 3.2.2. to comply with the law governing spending of public money and the policy on transparency regarding Council expenditure;
- 3.2.3. to provide a legal and auditable framework for the Councils' procurement activities;
- 3.2.4. to protect Council staff and members from undue criticism or allegation of wrong doing; and,
- 3.2.5. to support the delivery of the Council's Procurement Strategy.

4. Compliance

- 4.1. It is the responsibility of the service area and service leads to ensure compliance with the requirements set out in the CPRs.
- 4.2. The procurement of every contract (including contracts awarded via a dynamic market or framework) entered into by or on behalf of the Council or its Maintained Schools, regardless of value or origin of the funding, shall comply with the Procurement Act 2023, the Procurement Regulations 2024, all, UK legislation, the Council's Financial Regulations, Finance Standing Orders, CPRs and the procurement supporting guidance.
- 4.3. All Health Care Services contracts, as defined in the Health Care Services (Provider Selection Regime) Regulations 2023, must be procured in accordance with this legislation. Advice must be sought from Procurement if you are looking to award/procure a contract which is covered by the Provider Selection Regime.
- 4.4. Academies are responsible for their own governance and scheme of finance and as such are not subject to by the Councils' constitution, nor therefore its CPRs, unless an academy is participating in a wider Council procurement.
- 4.5. Where a Council is providing commercial procurement services exclusively to another public body, the procurement law and procedure rules applicable to that body will apply.
- 4.6. The Localism Act 2011 provides that under the '[community right to challenge](#)', the Council must consider an expression of interest (EOI) submitted by a 'relevant body' in relation to providing or assisting in providing a service provided by or on behalf of the Council. When the Council has decided to run a procurement exercise following acceptance of an EOI, the CPRs must be followed in awarding the contract. Where a procurement is for a Public Contract, the Social Value Act 2012 requires Contracting Authorities to consider how to improve the economic, social and environmental well-being of the area served by them through the procurement of services. Social value considerations must always be proportionate to the scale and nature of the contract including any consultation measures.
- 4.7. The Council has a duty to run an efficient and timely procurement under the Small Business, Enterprise and Employment Act 2015 to enable a small or medium-sized enterprise (SMEs) to access public sector contract opportunities.
- 4.8. A Contracting Authority must keep sufficient records to explain material decisions it makes in relation to awarding or entering into Public Contracts. A "material decision" is one which a Contracting Authority must publish or provide a notice or information about or one which an

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Council is required to make under the Act. Records of communications between the Council and a supplier which relate to the award or entry into a Public Contract or the period before the contract is entered into must be kept generally for a period of three years from the date of entry into or award of contract.

- 4.9. The CPRs apply to all the goods, services and works (including service concessions and works concessions contracts) procured on the Council's behalf as detailed below:

CPRs APPLY:	CPRs DO NOT APPLY:
• Where we procure from external organisations (public, private or voluntary); • Where we nominate a sub-contractor or supplier; • Where an external organisation is named in a Council procurement and has right to access it; • Where a service or works concession contract is proposed¹; • Development agreements to which the Procurement Act 2023 apply¹; • Maintained Schools; • Where a third party is procuring on the Council's behalf and where the Council is the contracting party; • The Councils' commercial activity where the Council is bidding for others' services and • The substantial modification of an existing contract unless clearly provided for in the original contract terms or with the approval of the Assistant Director Law and Governance (Monitoring Officer).	• Where requirements are sourced and delivered internally; • Academies (unless the Council is leading a procurement which an academy is participating in); • Where a Council acts for another non-regulated body; • A contract with a Council-owned company which the Council's Monitoring Officer advises falls outside the scope of the Public Contracts Regulations • Contracts for the acquisition or disposal of land and buildings¹ and • Contracts of employment. • Grants where the Council awards a grant to an external organisation.

Note 1: Where the acquisition or disposal of land and/or property potentially establishes a works concession contract or a development agreement, timely advice from Legal Services must be sought. This also applies where a procured contract includes lease/licence for a Council building

- 4.10. The following CPRs do not apply when procuring Health Care Services under the Provider Selection Regime. Procurement must be consulted before awarding/procuring any Health Care Services which are covered by the Provider Selection Regime:

CPR9 Trading and Selling Services

CPR10 Reserving Contracts

CPR12 Dynamic Markets

CPR13 E-Auction

CPR14 Concessions Contracts

CPR 20 Conditions of Participation – Procurement Act 2023

CPR31.1 Pipeline Notice

CPR31.3 Supply of Goods, Services or Works Contracts £1 - £100,000

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CPR31.4 Supply of Goods, Services or Works Contracts £100,000 to £207,720 (Including VAT)

CPR31.5 Works Contracts (Above £207,720 (Including VAT), but below £5,193,000 (Including VAT)

CPR31.6 Supply of Goods, Services or Works Contracts above Public Contract Threshold

CPR31.7 Light Touch Contracts above £663,540 (including VAT)

- 4.11. All procurement of services shall comply with the principles of the revised Best Value Statutory Guidance (March 2015) to be responsive to the benefits and needs of the voluntary and community sector organisations of all sizes.
- 4.12. No member of the Council or officer acting without proper authority shall enter, either orally or in writing, into any contract in the Council's name.
- 4.13. Where a partner organisation acts on behalf of the Council and needs to purchase or assign goods or services, any such assignment must be undertaken in line with the CPRs unless otherwise exempted in writing by the Assistant Director Law and Governance (Monitoring Officer).
- 4.14. Where the Council is procuring together with another council or public body, this must be done under the terms of the Joint Procurement Agreement and a Joint Project Initiation Document agreed.
- 4.15. Where the Council is procuring with any other body (such as any other council or a ICB or other health body), so that a successful procurement is dependent on the actions or financial contributions of the body, then a legally binding agreement must be entered into with that body to secure those actions or contributions, in terms approved by the Assistant Director Law and Governance (Monitoring Officer).

5. Value Thresholds

- 5.1. The CPRs set out what process must be followed for various value thresholds. It is important to ensure that the correct procedure is adopted and where there is a risk of a requirement falling above a threshold, the process for the higher threshold should be applied.
- 5.2. Under the Procurement Act 2023, the current values for Public Contracts as of the 1st January 2026 are:

Type of Contract	Goods	Services	Light Touch	Concessions	Light Touch Concession	Works
Net of VAT	£173,100	£173,100	£552,950	£4,327,500	£4,477,174	£4,327,500
Inclusive of VAT	£207,720	£207,720	£663,540	£5,193,000	£5,372,609	£5,193,000

- 5.3. Requirements valued within 10% of the above thresholds should consider following a Procurement Act 2023 competitive process.
- 5.4. In determining which threshold applies, the whole-life costing (including VAT) of the proposed contract or framework must be considered. Purchases must not be disaggregated to avoid the requirements of the CPRs. Any option to extend a contract must also take into account whether the Procurement Act 2023 thresholds would be exceeded with the extension value included, even if the option to extend is not eventually exercised.

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- 5.5. Where the estimated value is unknown, or it is not possible to calculate it then the value must be treated as being above the Public Contract threshold amount for the type of contract.
- 5.6. Where requirements include a mix of goods, services and/ or works elements, advice should be sought from procurement as to which threshold is applicable.
- 5.7. The whole lifecycle of a procurement should be considered in determining its whole-life cost, including the cost of maintenance, spares, upgrades, decommissioning and disposal.
- 5.8. Where it is possible to predict a number of similar requirements, we must consider the requirements as a whole and procure accordingly. The procured solution must operate based on the aggregated value of the requirements to ensure compliance and maximise value for money.
- 5.9. When calculating the estimated value of the contract to determine whether the Procurement Act 2023 apply, the contract value estimation should be inclusive of VAT (where applicable).
- 5.10. For the purposes of advertising, the estimated contract value will continue to be provided inclusive of VAT. Similarly for contract award notices, these will continue to be published inclusive of VAT.
- 5.11. Where the level of risk is high for a low value contract, a higher value procedure should be considered.
- 5.12. There is no minimum value threshold when rules set out the Provider Selection Regime apply. The Provider Selection Regime applies to all Health Care Services no matter the value.

6. Options Appraisal

- 6.1. A proportionate options appraisal must be undertaken before commencing a procurement in order to determine how best to meet the need for goods, service or works. Where an option to proceed with a competitive procurement exercise has been chosen, and approved by budget holder, and where applicable relevant Director, evidence of the options appraisal/analysis/budget holder approval must be retained for audit purposes.

7. Lead Services

- 7.1. Services Areas undertaking procurement of the following goods, services or works must be guided by the lead service indicated:

Requirement	Lead Service
Cleaning Services	Facilities Management (Equans)
Civil Engineering and non-building construction works	Professional Services (Highways Design) (Equans)
Building works, accommodation and facilities management where a work permit must be obtained	Assets Team; Professional Services (Technical Design) (Equans)
Energy, Fuel & Water	Procurement (Equans)
Financial & Leasing Services	Finance
ICT requirements / services	ICT

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Legal Services	Legal Services
Leisure	Lincs Inspire Ltd
Printing Services	Print Hub
Advertising services	Communications
Stationary	Business Support
Business Travel	Business Support
Vehicle Hire	Business Support/ Fleet and Garage
Commissioning of social or personal care services, and placement activity (Childrens)	Children's Services
Commissioning of social or personal care services, and placement activity (Adults)	Adult Social Services
Training & Development Services	People and Culture Learning & Development
Transport Services	Education Transport Highways and Transport (Equans)
Vehicles	Fleet and Garage
Waste Disposal	Environment
Public Health related goods and services	Public Health

8. Confidentiality and Conflict of Interest

- 8.1. No one shall disclose information which has been forwarded to the Council by a potential supplier and designated as confidential. This is subject to the Council's obligations to comply with legislation, codes of practice, regulations and local policy requirements.
- 8.2. When undertaking a Procurement Process, the service lead shall take all reasonable steps to identify, and keep under review any conflicts of interest, or any potential conflicts of interest. This applies equally to employees, members and those working on behalf of the Council. An interest can be personal, professional or financial and maybe direct or indirect.
- 8.3. Conflicts of interest may include (but not limited to):
 - 8.3.1. if you are a current or previous employee of a company, or have a member of your family, your partner (married, civil partnership or not), your siblings, your children, or any close personal or professional relationships that are an employee of a company, that is seeking to do business with the Council;
 - 8.3.2. if you, or a member of your family/friends (as set out above), has a financial interest in a company that is seeking to do business with the Council;
 - 8.3.3. if you, or a member of your family/friends (as set out above), has a financial relationship of any kind with a company seeking to do business with the Council.
- 8.4. When undertaking a procurement the service lead must also take all reasonable steps to ensure that a conflict of interest does not put a supplier at an unfair advantage or disadvantage. This may include requiring a supplier to take reasonable steps.
- 8.5. Where a conflict is identified, the Assistant Director Law and Governance (Monitoring Officer) must be notified. Records must be kept for audit purposes and to comply with the

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requirements of the Procurement Act 2023, and the Information Requirements under Regulation 24 for contracts awarded under the Provider Selection Regime.

- 8.6. Before publishing a procurement, transparency notice or Dynamic Market, a Conflicts Assessment must be prepared in relation to the procurement. This Conflicts Assessment must be kept under review by the service area for the life of the procurement and during management of the contract. This must include:
 - 8.6.1. conflicts or potential conflicts of interest, and
 - 8.6.2. any steps the Contracting Authority has taken or will take for the to mitigate the conflict.

9. Trading and Selling Services

- 9.1. There may be occasions when the Council proposes to provide a service to a third party with or without charge. In all such cases advice must be sought from Procurement and / or Legal Services. Any provision of a service which exceeds the value of £350,000 will require cabinet approval.
- 9.2. Please note that the above paragraph does not apply where the Council supplies a service via a grant agreement.

10. Reserving Contracts

- 10.1. Certain contracts can be reserved to particular suppliers so that competition is not available to the wider market. The suppliers that contracts can be reserved to are set out in the Procurement Act 2023. Advice must be sought from Procurement if you intend to reserve a contract.

11. Frameworks

- 11.1. A framework is a contract between a Contracting Authority and one or more suppliers that provides for the future award of contract by the Contracting Authority to the supplier(s).
- 11.2. Frameworks do not guarantee any services to the suppliers who are admitted to the framework although they are legally binding contracts. A contract and/or purchase order should be raised separately in order to engage the relevant supplier/s when calling off requirements under a framework.
- 11.3. The term of a framework may not exceed 4 years, unless the Council considers the nature of the good, services or works to be supplied under contracts awarded in accordance with the framework means a longer term is required. The reason for the longer term must be set out in the tender documents or transparency notice. The maximum term does not apply to Open Framework (maximum of 8 years but must be reopened in line with the requirements of Section 49 of the Procurement Act 2023) or if the framework is a light touch framework.
- 11.4. Advice must be sought from procurement if you are looking to establish a framework.
- 11.5. The use of a framework established by Centralised Procurement Authority or other contracting authorities (as defined by the Procurement Act 2023) must be on advice from procurement and subject to exception approval under section 27 of the CPR. The framework terms and conditions must also be approved by legal services prior to accessing the framework.

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- 11.6. When calling off a contract without competition (direct award), the objective mechanism set out in the framework must be applied to identify the successful supplier. These may include mechanisms such as ranked order, rotation, or specific attributes like price or quality scores achieved during the original tender process to set up the framework. It is not acceptable for the Council to apply its own mechanism.
- 11.7. When calling off via a competitive selection process (further competition), only the award criteria used to assess tenders for the framework may be used to assess tenders.
- 11.8. Service areas must not disaggregate purchases in order to avoid the CPR requirements. Where advantageous, any purchase of greater than £5,000 undertaken via a framework should be subject to further competition. All suppliers who are a party to the framework should be invited to take part in the further competition in accordance with the requirements stated by the framework owner (unless alternative provisions have been agreed). Wherever possible and advantageous, bundling of largely similar requirements should be undertaken to maximise economies of scale.
- 11.9. All frameworks must comply with the following requirements:
 - 11.9.1. Maximum length of 4 years (unless exceptional and approved).
 - 11.9.2. Contracting authorities that access the framework must be identified as a party to it. Estimated value must include all potential call-offs by all contracting authorities.
 - 11.9.3. Contracts based on the framework must not entail substantial modifications to the core terms laid down in the framework.
 - 11.9.4. Contracts are formed when requirements are called-off under a purchase order or a call-off contract.
 - 11.9.5. Access, terms, award criteria and procedure for call-off are as per the terms of the framework agreement and must be followed.
 - 11.9.6. Keep such records as considered sufficient to explain a material decision made for the purpose of awarding a framework or entering into a contract awarded via a framework.
- 11.10. The Provider Selection Regime Information Requirements under Regulation 24 must be complied with when awarding a Health Care Services framework under the Provider Selection Regime.

12. Dynamic Markets

- 12.1. Dynamic Markets are predominantly established for more “off-the-shelf” goods and services. A Dynamic Market is a group of suppliers who have been assessed and found to satisfy the conditions of membership and economic and financial standing requirements. Competition can then be restricted using the competitive flexible procedure to excluded suppliers from participating in or processing as part of, the procedure is they are not a member of an appropriate Dynamic Market, or are not a member of an appropriate part of an appropriate Dynamic Market.
- 12.2. A Dynamic Market or part of a Dynamic Market is appropriate if the terms permit the award of the contract by the Council.
- 12.3. Before excluding the supplier, consideration must be given to applications for membership to the Dynamic Market or part of the Dynamic Market from suppliers who have submitted a request to participate in the competitive flexible procedure, or have submitted a tender as part of the competitive flexible procedure (except in exceptional circumstances as set out in the Procurement Act 2023).

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- 12.4. Any Dynamic Market must be established in accordance with the requirements of the CPRs, the Procurement Act 2023 and guidance from procurement.
- 12.5. An exception must be sought in line with section 27 of the CPR if you are looking to access a Dynamic Market established by Centralised Procurement Authority or other contracting authorities (as defined by the Procurement Act 2023). The Dynamic Market terms and conditions must also be approved by legal services prior to accessing the Dynamic Market.

13. E-Auction

- 13.1. An Electronic Auction (eAuction) is a commercial tool designed to secure the best and final offer from bidders in a competitive process. Use of eAuctions is not mandatory but the benefits should be considered for procurements of requirements over £50,000.

14. Concessions Contracts

- 14.1. In the Procurement Act 2023, “concession contract” means a contract for the supply, for pecuniary interest, of works or services to a contracting Council where:
 - 14.1.1. at least part of the consideration for that supply is a right for the supplier to exploit the works or services, and
 - 14.1.2. under the contract the supplier is exposed to a real operating risk.
- 14.2. An “operating risk” is a risk that the supplier will not be able to recover its costs in connection with the supply and operation of the works or services, where the factors giving rise to that risk:
 - 14.2.1. are reasonably foreseeable at the time of award, and
 - 14.2.2. arise from matters outside the control of the contracting Council and the supplier.
- 14.3. Advice must be sought from procurement before undertaking a procurement relating to a concessions contract.

15. Specifications

- 15.1. Specifications set out the technical requirements for goods, services or works being procured.
- 15.2. Specifications must not unnecessarily narrow competition or limit the number of suppliers capable of meeting the requirements or give an unfair advantage to particular suppliers.
- 15.3. Procurement Documents must not refer to design, a particular licencing model or descriptive characteristics in circumstances where they could appropriately refer to performance or functional requirements. They must also not refer to United Kingdom standards unless:
 - 15.3.1. The standard adopts an internationally-recognised equivalent, or
 - 15.3.2. There is no internationally-recognised equivalent.
- 15.4. If the Procurement Documents refer to a United Kingdom standard, they must provide that tenders, proposals or applications that the Council considers satisfy an equivalent standard from another state, territory or organisation of states or territories will be treated as having satisfied the United Kingdom standard.
- 15.5. Unless the Council considers it necessary in order to make its requirements understood, the Procurement Documents must not refer to:
 - 15.5.1. Trademark, trade name, patent, design or type,

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- 15.5.2. Place of origin, or
- 15.5.3. Producer or supplier
- 15.6. If it is necessary to refer to any of the above then the Procurement Documents must state that equivalents which demonstrate the same quality or performance will be considered.

16. Management of Data

16.1 Data Protection

- 16.1.1. In situations where personal data or confidential information needs to be shared with the market and the requirements of the Data Protection Act 2018 and the General Data Protection Regulations are likely to be invoked, the Service Area shall ensure that the Strategic Lead – Business Practice and Performance (Data Protection Officer) is consulted.
- 16.1.2. In the publication and disclosure of contracts related information, the Council will be informed by the provisions of section 94 of the Procurement Act 2023, and the exemptions and exceptions set out in the Data Protection Act 2018 / UK GDPR, the Freedom of Information Act 2000 and the Environmental Information Regulations 2024.

16.2 Open Data

- 16.2.1 All requests for quotation/invitation to tender must indicate the Council's obligation to publish commercial and other data provided by suppliers in accordance with Freedom of Information Regulations and the Local Government Transparency Code 2015 as amended.

17. TUPE

- 17.1. Careful consideration needs to be given as to whether TUPE shall apply at commencement of the proposed procurement.
- 17.2. Where a proposed procurement may involve the TUPE transfer, the advice of the People Partnering Manager and Legal Services must be obtained prior to the start of procurement.
- 17.3. Any procurement involving the TUPE transfer of Council staff must be approved by the Relevant Director on the advice of the Assistant Director People and Organisational Development.
- 17.4. The application of TUPE should also be considered in respect of staff employed by existing contractor(s) when the Council is looking to re-procure the service currently provided by such contractor(s). Guidance should be sought from the Assistant Director People and Organisational Development.
- 17.5. An anonymised table of TUPE information and, where relevant, pension information, must be available for release with the tender documentation, using the TUPE matrix template. Further information can be shared with interested parties on the successful completion of the appropriate non-disclosure agreement.

18. Find a Tender Service

- 18.1. Where the estimated contract or framework value exceeds the Public Contract threshold set out in the Procurement Act 2023, suppliers must be registered with the Governments Find a Tender Service before they submit a tender. It is the supplier responsibility to keep their details up to date on Find a Tender Service.

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- 18.2. A supplier does not need to be registered with the Find a Tender Service to submit a tender for a Health Care Service contract covered the Provider Selection Regime.

19. Excluding Suppliers

- 19.1. Under the Procurement Act 2023, where the estimated contract or framework value exceeds the Public Contract threshold, submissions from excluded suppliers must be disregarded, and before assessing which tender best satisfies the award criteria the Council must consider is a supplier is excludable, and may disregard any tender from an excludable supplier.
- 19.2. Under the Provider Selection Regime, the Council must not award a contract to a provider, and may exclude a provider from any of the Provider Selection Regime processes, if the provider meets the exclusion criteria detailed in Regulation 20 of the Provider Selection Regime. This regulation does not apply to contracts based on a framework.
- 19.3. Advice must be sought from procurement before excluding a supplier.

20. Conditions of Participation – Procurement Act 2023

- 20.1. A condition of participation is a condition that a supplier must satisfy in order to be awarded a Public Contract.
- 20.2. Conditions of participation may only be set if the Council is satisfied that the conditions are a proportionate means of ensuring that suppliers have:
- 20.2.1. the legal and financial capacity to perform the contract, or
 - 20.2.2. the technical ability to perform the contract.
- 20.3. Proportionate means having regards to the nature, complexity and cost of the Public Contract.
- 20.4. Conditions of participation may not require the submission of audited annual accounts, except from suppliers who are, or were, required to have the accounts audited in accordance with Part 16 of the Companies Act 2006 or an overseas equivalent; or require insurance relating to the performance of the contract to be in place before the award of the contract.
- 20.5. Minimum standards of financial standing and financial appraisals are subject to the advice of the Finance Group Manager but the requirements must not exceed a turnover of twice the contract value except in duly authorised cases. Minimum standards of financial standing at the award stage should be considered for all contracts where the estimated contract value exceeds the thresholds of the Procurement Act 2023 or any relevant UK legislation and/or where other risk is identified, including where there would be a significant effect on the delivery of Council services in the event of contractor default or cessation of supply or service.
- 20.6. Where considered appropriate following a financial appraisal of a potential provider against the Council's minimum standards of financial standing, the potential contractor may be required to provide a Parent Company Guarantee (PCG) or a Performance Bond (Bond) in a form acceptable to the Council for the duration of the contract (including any extension period). All financial requirements should be published up front, including the possibility of a Bond or PCG. Any such PCG or Bond shall only be required where it is deemed that there is a specific ascertainable risk. Where group company financial information is assessed, a PCG will be required.
- 20.7. Where the estimated contract value exceeds the threshold of the Procurement Act 2023 or any relevant UK legislation or where specific risks are involved including consideration of any non-standard insurance requirements (e.g clinical insurance required for public health

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contracts), you should refer to the Limits of Indemnity Contractors and Third Parties guidance or seek advice from the Insurance Team.

- 20.8. Conditions of participation must not be used to assess the suitability of tenders for below threshold contracts with the exception of Works contracts where suitability can be assessed if the value is above the goods and service Public Contract threshold (£214,904 (including VAT)).

21. Basic Selection Criteria - Provider Selection Regime

- 21.1. The Council must not award a contract or conclude a framework with a provider who does not meet the basic selection criteria. This does not apply to the use of Direct Award Process A or Direct Award Process B, or call-offs from an existing framework.
- 21.2. The basic selection criteria which must be met by the provider may relate to:
- 21.2.1. Suitability to pursue a particular activity
 - 21.2.2. Economic and financial standing
 - 21.2.3. Technical and professional ability
- 21.3. Minimum standards of financial standing and financial appraisals are subject to the advice of the Finance Group Manager but the requirements must not exceed a turnover of twice the contract value except in duly authorised cases. Minimum standards of financial standing at the award stage should be considered for all contracts where the estimated contract value exceeds any relevant UK legislation and/or where other risk is identified, including where there would be a significant effect on the delivery of Council services in the event of contractor default or cessation of service.
- 21.4. Where considered appropriate following a financial appraisal of a potential provider against the Council's minimum standards of financial standing, the potential contractor may be required to provide a Parent Company Guarantee (PCG) or a Performance Bond (Bond) in a form acceptable to the Council for the duration of the contract (including any extension period). All financial requirements should be published up front, including the possibility of a Bond or PCG. Any such PCG or Bond shall only be required where it is deemed that there is a specific ascertainable risk. Where group company financial information is assessed, a PCG will be required.
- 21.5. Where the estimated contract value exceeds any relevant UK legislation or where specific risks are involved including consideration of any non-standard insurance requirements e.g clinical insurance required for public health contracts, you should refer to the Limits of Indemnity Contractors and Third Parties guidance or seek advice from the Insurance Team.
- 21.6. The Council must comply with the Provider Selection Regime exclusion requirements. You must refer to procurement should you consider excluding a potential tenderer.

22. Tender & Quotation Errors

- 22.1. Tender errors (including quotation errors) shall be dealt with in accordance with the following paragraphs, which shall be included in all Invitations to Tender and Requests for Quotations.

22.2 Compliance with Tender Instructions and Requirements

- 22.2.1 Any Tenderer who fails to comply with the procedural requirements set out in the tender notice or associated tender documents may have their tender rejected by the Council.

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22.3 Late Tender

22.3.1 No late tender, other than system access errors, shall be considered except with the approval of the Assistant Director Law and Governance, (Monitoring Officer) on the advice of procurement.

22.4 YORtender or e-Sourcing Suite Access Issues

22.4.1 Where a Tenderer advises that a tender submission deadline may be or has been missed as a result of [YORtender](#) being unavailable, the Tenderer should obtain a system report from Merzell, the proprietor of YORtender, to evidence YORtender being unavailable prior to the Council exercising its discretion as to whether to accept or reject the Tender.

22.4.2 When accessing the Crown Commercial Services e-Sourcing Suite a system report should be sought from the Crown Commercial Service.

22.5 Omissions, Ambiguities and Inconsistencies

22.5.1 Where there is an omission, ambiguity or inconsistency in a tender (including an arithmetical error), the Council reserves the right to contact the Tenderer in writing via [YORtender](#), setting out the ambiguous or inconsistent part and the alternative interpretations of it. The Tenderer will be required to identify within an appropriate time limit, via [YORtender](#), which of the interpretations are correct and confirm the appropriate amendments to the tender, provided that such requests are made in compliance with the principles of equal treatment and transparency.

22.5.2 Where there is an omission, ambiguity or inconsistency in pricing, advice from procurement must be sought.

22.6 Abnormally Low Price

22.6.1 The Council is required to seek an explanation for exceptionally low tenders and may reject the tender where the explanation does not satisfy the concerns.

22.6.2 The Council may disregard any tender that offers a price that the Council considers to be abnormally low for performance of the contract.

22.6.3 Before disregarding any tender for an abnormally low price the Council must notify the Tenderers that the Council considers the price to be abnormally low and give the Tenderer reasonable opportunity to demonstrate that it will be able to perform the contract for the price offered.

22.6.4 If the Tenderer demonstrates to the Council's satisfaction that it will be able to perform the contract for the price offered, the Council may not disregard the tender.

23. Pre and Post Tender/Request for Quotation Clarification

23.1. All clarifications by the Council or Tenderers must be raised via YORtender.

23.2. Guidance from procurement is recommended in all circumstances but mandated where the issue, error, omissions or inconsistency is linked to price or potentially creates a material change.

24. Presentations and Interview

24.1. The use of presentations and/or interviews during a procurement is not permitted, except in exceptional circumstances with the written approval of the Assistant Director Law & Governance (Monitoring Officer).

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25. Reporting Tenders

- 25.1. The Council will publish details of all contracts let over £5,000 via YORtender on the Council's live Contracts Register.

26. Preventing of Corruption & The Bribery Act 2010

- 26.1. Requests for quotations and invitation to tenders must inform prospective tenderers of the Council's whistle blowing policy.
- 26.2. All contracts must contain a clause to the effect that the Council will be entitled to cancel the contract and to recover from the contractor the amount of any loss resulting from such cancellation if:
- 26.2.1. the contractor, his employees or agents, shall have offered or given or agreed to give to any persons any gift or consideration of any kind as an inducement or reward in any way relating to the contract or any other contract with the Council; or
 - 26.2.2. in relation to any contract with the Council, the contractor, his employees or agents, shall have committed any offence under the Prevention of Corruption Acts 1889 to 1916, Section 117 of the Local Government Act 1972 and the Bribery Act 2010.
- 26.3. The Bribery Act 2010 has created the following new offences that can have particular relevance for the award of Public Contracts:
- 26.3.1. bribing a person to induce or reward them to perform a relevant function improperly;
 - 26.3.2. requesting, accepting or receiving a bribe as a reward for performing a relevant function improperly;
 - 26.3.3. failing to prevent bribery

<https://www.nelincs.gov.uk/council-information-partnerships/fraud-and-corruption/>

27. Exceptions

- 27.1. Exceptions to the CPRs are permitted under certain circumstances.
- 27.1.1. Budget Holder approval is required for exceptions to [CPR 31.3 - Supply of Goods, Services or Works Contracts £1 - £100,000](#).
 - 27.1.2. Over £100,000, The Assistant Director Law and Governance, (Monitoring Officer) may, where permitted by the Procurement Act 2023 or Provider Selection Regime approve exceptions in all of the following circumstances:

Direct Award of Public Contracts under the Procurement Act 2023

- 27.2. The following justifications are available under the Procurement Act 2023 for Direct Award. Direct Awards must not breach the Procurement Objectives. It is the service leads responsibility to ensure that the Procurement Objectives are not breached.
- 27.2.1. Direct award to a supplier where the Public Contract concerns the production, or supply of novel goods or services for the purposes of testing the suitability of the goods or services, researching the viability of producing or supplying the goods or services at scale and developing them for that purpose, or other

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research, experiment, study or development. “novel goods or services” means goods or services designed or developed at the request of the Council.

- 27.2.2. Direct award to single supplier where the Public Contract concerns the creation or acquisition of a unique work of art or artistic performance.
- 27.2.3. Direct award to a single supplier where the following conditions are met in relation to a Public Contract:
 - 27.2.3.1. due to a particular supplier having intellectual property rights or other exclusive rights, only that supplier can supply the goods, services or works required, and
 - 27.2.3.2. there are no reasonable alternatives to those goods, services or works.
- 27.2.4. Direct award to a single supplier where the following conditions are met in a Public Contract:
 - 27.2.4.1. due to an absence of competition for technical reasons, only a particular supplier can supply the goods, services or works required, and
 - 27.2.4.2. there are no reasonable alternatives to those goods, services or works.
- 27.2.5. The Public Contract concerns the supply of goods, services or works by the existing supplier which are intended as an extension to, or partial replacement of, existing goods, services or works in circumstances where:
 - 27.2.5.1. a change in supplier would result in the Contracting Authority receiving goods, services or works that are different from, or incompatible with, the existing goods, services or works, and
 - 27.2.5.2. the difference or incompatibility would result in disproportionate technical difficulties in operation or maintenance.
- 27.2.6. The Public Contract concerns the supply of goods, services or works by the existing supplier that are similar to existing goods, services or works where:
 - 27.2.6.1. the existing goods, services or works were supplied under a Public Contract that was awarded in accordance with a competitive tendering procedure within the period of five years ending with the day on which the transparency notice is published, and
 - 27.2.6.2. the tender notice or any tender document in respect of that earlier contract set out:
 - 27.2.6.2.1. the Contracting Authority’s intention to carry out a subsequent procurement of similar goods, services or works in reliance on this direct award justification, and
 - 27.2.6.2.2. any other information specified in regulations under section 95 or the Procurement Act.
- 27.2.7. The Public Contract concerns goods purchased on a commodity market.
- 27.2.8. The award of the Public Contract to a particular supplier will ensure terms particularly advantageous to the Council due to the fact that a supplier, whether

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or not the one to whom the contract is to be awarded, is undergoing insolvency proceedings.

- 27.2.9. Direct Award of a contract on the grounds that the goods, services or works to be supplied under the Public Contract are strictly necessary for reasons of extreme and unavoidable urgency, and as a result the Public Contract cannot be awarded on the basis of a competitive tendering procedure. Urgency is unavoidable if it is not attributable to any act or omission of the Council, and could not have been foreseen by the Council.
- 27.2.10. Direct award to supplier where the Public Contract is a contract for the supply of user choice services and the individual to whom the services are to be supplied or their carer has expressed a preference as to who should supply the services, or the nature of the services to be supplied is such that only one supplier is capable of providing them, and the Council considers that it is not in the best interests of the individual to award the contract via a competitive tender process.

Modification of existing Public Contracts under the Procurement Act 2023

- 27.3. The following justifications are available under the Procurement Act 2023 for modification of existing contracts. Modifications must not breach the Procurement Objectives. It is the service leads responsibility to ensure that the Procurement Objectives are not breached.
 - 27.3.1. Modification of an existing contract where the modification is unambiguously provided for in the contract and tender or transparency notice, and the modification does not change the overall nature of the contract.
 - 27.3.2. Modification of an existing contract on the grounds that the goods, services or works to be supplied under the Public Contract are strictly necessary for reasons of extreme and unavoidable urgency or the protection of life, and as a result there isn't enough time to undertake a competitive tendering procedure. Urgency is unavoidable if it is not attributable to any act or omission of the Council, and could not have been foreseen by the Council.
 - 27.3.3. Modification of an existing contract on the grounds that the goods, services or works to be supplied under the Public Contract are necessary due to unforeseeable circumstances. The modification does not change the overall nature of the contract and does not increase the estimated value of the contract by more than 50%.
 - 27.3.4. Modification of an existing contract for the supply of goods/services or works in addition to those already provided for in the contract where using a different supplier would result in the goods, service or works being incompatible with those already provided in the contract which would result in disproportionate technical difficulties in operation or maintenance or other significant inconvenience and would be a substantial duplication of costs to the Council. The modification does not change the overall nature of the contract and does not increase the estimated value of the contract by more than 50%.

Health Care Service Exceptions (Not applicable to contracts covered by the Procurement Act 2023)

- 27.4. There is a need to urgently award or modify a Health Care Services contract to address immediate risks to patient or public safety, but only if all of the following apply:
 - 27.4.1. the award or modification must be made urgently

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- 27.4.2. the reason for the urgency was not foreseeable by and is not attributable to the Council
- 27.4.3. delaying the award of the contract to conduct a full application of the Provider Selection Regime would be likely to pose a risk to patient or public safety.

General Exceptions

27.5. The following are general exemption:

- 27.5.1. When the Council is properly required to adopt other procedures by a Government body or the Council is procuring subsidised public transport services.
 - 27.5.2. Works orders placed with utility companies (e.g. for re-routing cables or pipework).
 - 27.5.3. Where the use of a recognised regional or national framework arrangement or Dynamic Market will provide the most cost effective procurement solution.
 - 27.5.4. Where there are other exceptional circumstances.
- 27.6. In all instances a written request for exception, clearly documenting the reasons, must be notified in advance to the approving officer before the exception can be actioned. The standard exception form must be completed for exceptions with a whole life value of £100,000 and above. This is available on the Council's intranet.

28. Community Right to Challenge

- 28.1. The Localism Act provides relevant bodies with the right to challenge the running of local Council services where they believe they could do this differently or better.
- 28.2. Corporate guidance has been produced on the management of challenges received under the Act. An overview of the process for managing challenges is under Annex 1.

29. Contract Signing & Modification

- 29.1. Directors are authorised to sign contracts that do not exceed £100,000 where the Assistant Director Law and Governance, (Monitoring Officer) has approved the form of contract as appropriate for the type of contract concerned.
- 29.2. The Assistant Director Law and Governance (Monitoring Officer) is authorised to sign contracts that exceed £100,000 and unless they determine otherwise, such contracts shall be executed by way of deed, under the Common Seal of the Council.
- 29.3. The Assistant Director Law and Governance, (Monitoring Officer) is authorised to affix the Common Seal of their respective Council to such contracts.
- 29.4. Under limited circumstances, the Procurement Act 2023 and Provider Selection Regime permit contract modifications during their term. Advice should be sought from procurement in the first instance.
- 29.5. Changes to contracts and/or terms and conditions must be authorised by the relevant Director and substantial (i.e. material) changes to contracts and/or terms and conditions must be authorised by the relevant Director following consultation with the Assistant Director Law, Governance and (Monitoring Officer).

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- 29.6. In all instances the council's standard terms and conditions must be used unless an alternative form of contract has been authorised for use by the Assistant Director Law and Governance, (Monitoring Officer).

30. Contract Management

- 30.1. The service area is responsible for managing contracts in compliance with the corporate contract management toolkit. Public Contracts must also be managed in compliance with the requirements of the Procurement Act 2023 and the Provider Selection Regime.

31. Processes

31.1 Pipeline Notice

If the Council considers that it will pay more than £100 million under contracts for the supply of goods, services or works in the coming financial year it must publish a pipeline notice within 56 days from 1st April.

Any Public Contract with an estimated value of more than £2 million in respect of which the Council intends to publish a tender notice or transparency notice during the reporting period must be included in the pipeline notice.

Inclusion of a Public Contract on the pipeline does not commit the Council to procuring the Public Contract.

The pipeline notice must be published on the Find a Tender Service. This will be done by procurement.

31.2 Preliminary Market Engagement

Before publishing a tender notice in relation to a Public Contract, the Council may engage with suppliers and other persons, via preliminary market engagement for the purpose of:

- developing the requirements and approach to the procurement;
- designing a procedure, conditions of participation or award criteria;
- preparing the tender notice and associated tender documents;
- identifying suppliers that may be able to supply the goods, services or works required;
- identifying likely contractual terms;
- building capacity among suppliers in relation to the contract being awarded.

Preliminary market engagement should be considered when there is a local SME or VCSE market in order to generate awareness and engage them in the Procurement Process.

In carrying out preliminary market engagement, the Council must take steps to ensure that:

- suppliers participating in the preliminary market engagement are not put at an unfair advantage, and
- competition in relation to the award of the Public Contract is not otherwise distorted.

If the Council considers that a supplier's participation in preliminary market engagement has put the supplier at an unfair advantage in relation to the award of a Public Contract, and the advantage cannot be avoided, then

The Contracting Authority must in relation to the award treat the supplier as an excluded and exclude the supplier from participating in, or progressing as part of, any competitive tendering procedure.

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If the Council carries out preliminary market engagement then a preliminary market engagement notice must be published on the Find a Tender Service prior to a tender notice, or reasons provided for not publishing the preliminary market engagement notice in the tender notice.

Procurement should be engaged wherever preliminary market engagement is being considered.

31.3 Supply of Goods, Services or Works Contracts £1 - £100,000

31.3a Authorisation to Proceed with Procurement

Verify availability of budget and obtain Budget Holder approval. Keep a record of this for audit purposes.

Take all reasonable steps to identify, and keep under review conflicts of interest and potential conflicts of interest –seeking advice from Legal where a conflict of interest or potential conflict of interest is identified.

31.3b Process

Follow Procurement's self-service guidance on the intranet.

Procurement Processes under £100,000 recognise the need for agile and efficient business processes. Direction is provided below in line with key procurement policy principles and this may be interpreted flexibly dependent on circumstances with the exception of the mandatory principles and requirements indicated in bold below. Records of decisions made should be recorded for the audit trail particularly where there is variation from the normal process or key principles outlined below.

Open, Transparent & Proportionate Process

- Unless you are using an existing corporate or lead service contract (Section 9 of the CPR), ordinarily you will be expected to undertake a competitive process to secure and demonstrate value for money
- If you directly award a contract to a supplier without competition, your decision may be challenged by the external market and expose the Council to reputational risk; note all of the Council's expenditure over £250 is published externally and open to audit and public scrutiny. Direct award of contracts valued below £100,000 must be approved by the Budget Holder and a record of the approval retained for audit purposes.
- Over £5,000 you should ordinarily consider using [YORtender](#) to help you comply with these requirements
- **A below threshold tender notice must be published on the Find a Tender Service before publishing an invitation to tender for a contract valued at £30,000 (Including VAT) to £100,000 (not applicable to procurements by schools). This does not apply if undertaking a direct award or inviting tenders from pre-selected suppliers.**
- Procurement templates exist to enable efficient and effective process and to help secure contracts on the terms which protect the Council. If you choose not to use this documentation, be aware of the risk that your contract may be entered into on the supplier's terms and conditions, written to protect their interest.
- Your requests of bidders should be proportionate to the value and complexity of your requirement.

Consider SME and VCSE

Contract Procedure Rules

- You must have regard to the fact that SME and VCSE may face particular barriers to participation and consider whether such barriers can be removed or reduced.

Equal Treatment

- Treating all potential suppliers the same is crucial for securing a successful outcome and minimising the risk of a challenge
- This is achieved by:
 - o Setting the same timescales for all bidders.
 - o Sharing the same information with all bidders.
 - o Notifying all bidders of any changes to your requirements and providing them with the same timescale.
- Where you consider different treatment to be justified you must take all reasonable steps to ensure that it does not put a potential supplier at an advantage or disadvantage.

Delivering Value for Money

- Competitive process is ordinarily used to deliver value for money. It can assist in leveraging the best price and quality from the market and open up opportunities for alternative solutions and innovation as well as supporting SME and VCSE organisations.
- Typically, securing 3 – 5 written quotations is an effective way of demonstrating competition and value for money
- The primary means of undertaking a competitive process is set out above
- Your evaluation of bids should be based on objective and transparent criteria and fully disclosed to bidders in advance of them submitting their bids
- The criteria should be either:
 - o Lowest “compliant” price; compliant meaning ability to meet the specification in full; or (often used where requirements are well defined); or
 - o Most Advantageous Tender (MAT) – a mix of price and quality, setting out the % weighting allocated to price/quality and any sub criteria used.

Maximising Public Benefit

- You must have regard to maximising the public benefit of the contract.

If you invite tender submissions you cannot restrict the submission of tenders by reference to an assessment of the potential suppliers suitability to perform the contract, this includes reference to the suppliers legal and financial capacity and technical ability.

31.3c Authorisation to Award

Obtain Budget Holder approval for the contract award. Keep a record of this for audit purposes.

31.3d Award & Execution

Ordinarily, the Council’s standard terms and conditions should be used to form the contract. If the contract is entered into using the suppliers terms and condition, it will be the service areas responsibility make sure the suppliers terms and conditions don’t put the Council at risk. **A contract details notice must be published on the Find a Tender Service as**

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soon as reasonably practical after entering into a contract valued at £30,000 (including VAT) to £100,000 (not applicable to procurements by schools).

Publish details of all contracts let over £5,000 via YORtender on the Council's live contracts register.

31.3e Records & Documentation

The Service Area shall retain records of the procurement process and the contract in accordance with the Council's approved record management or document retention policy.

If advertised on [YORtender](#) the service area shall ensure that the contract is awarded on [YORtender](#) using the button on the contracts detail page.

31.4 Supply of Goods, Services or Works Contracts £100,000 to £207,720 (Including VAT)

31.4a Authorisation to Proceed with Procurement

It is the Budget Holder's responsibility to ensure the availability of budget and the authority to commit to the expenditure, noting the Key Decisions and governance requirements. It is essential for the whole-life commitment to be considered (assuming all available extensions are exercised) not the annual value of the commitment when securing authority to proceed.

If following approval, the estimated cost of the contract increases, then the increase must be approved by the Budget Holder and there must be consideration as to whether a new Cabinet decision is required (if a Key Decision) prior to publishing the procurement.

Verify decision making protocols where:

- There are possible Council workforce and related [TUPE](#) implications, advice from Legal Services and People and Culture must be sought;
- There are potentially significant economic development / sustainability implications and
- There are budget or policy implications.

Take all reasonable steps to identify, and keep under review conflicts of interest and potential conflicts of interest, seeking advice from Legal where a conflict of interest or potential conflict of interest is identified.

31.4b Competitive Process

The service lead should ensure that any procurement is undertaken in line with the Council's agreed [project management framework](#), where appropriate, and that a procurement timetable is produced.

The process must comply with the procurement objectives set out in the Procurement Act 2023.

Consideration should be given to the use of lots to facilitate greater access to the opportunity for SME and VCSE organisations.

Consideration should be given to how the procurement can positively contribute towards the Council's [Social Value Policy](#) and deliver tangible and meaningful added social value within North East Lincolnshire.

Consideration should be given to how the procurement can positively contribute towards the Council's Environmental Vision and contribute towards the Net Zero target of 2030, and

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how suppliers can mitigate their impact on the local environment of North East Lincolnshire during performance of the contract.

Consideration should be given to whether the requirement needs to be procured in line with relevant consultation requirements.

An open Procurement Process must be applied, except by exception following written approval by the Assistant Director of Law and Governance (Monitoring Officer).

The Council may not restrict the submission of tenders by reference to an assessment of a potential supplier's suitability to perform the contract, this includes reference to legal and financial capacity and technical ability.

Where a framework are being accessed, any purchase should be subject to further competition following the rules set out in the framework. Wherever possible and advantageous, bundling of largely similar requirements should be undertaken to maximise economies of scale.

The service lead should establish a project team. Procurement must be contacted to determine the level of involvement required based on an assessment of identified risks.

Where "lowest compliant" is not being applied, the service lead in consultation with the project team must agree a percentage split in the award criteria based on the scope and importance of quality, risk and cost on a project by project basis. Where a framework is being accessed, the award criteria set out in the framework must be followed. The tender documents must set out all sub-criteria, weighting, and scoring guidance.

The process must be fully managed using [YORtender](#)

Requests to use **electronic auctions** should be referred to procurement.

31.4c Advertisement

Mandatory

A below threshold tender notice must be published on the Find a Tender Service before publishing an invitation to tender for a contract valued at £30,000 (Including VAT) to Public Contracts threshold (not applicable to procurements by schools). This does not apply when undertaking a further competition via a framework.

The procurement must be advertised openly on [YORtender](#).

If the procurement is being conducted via framework the opportunity may be advertised on the framework owners e-tender portal following advice from procurement.

Tenders must be advertised for a minimum of 10 working days, but proportionately increased to its complexity. If the procurement is being conducted via a framework then the framework owner may have set a different minimum number of days which the further competition must comply with.

Optional

Advertising of open opportunities via web-based media e.g. Twitter, and other health and voluntary sector sites subject to procurement's advice. Direct marketing of the existence of the opportunity is permissible in order to include organisations that may not ordinarily see the opportunity and to ensure local / regional / national competition.

Contract Procedure Rules

Any advertisement shall: specify the nature and purpose of the contract, outline how to submit a compliant tender, state the last date and time when tenders will be accepted and comply in all respects with the requirements of the relevant UK legislation.

31.4d Receiving & Opening of Tenders

Tenders must be submitted via [YORtender](#) and opened by an officer of appropriate seniority, who is entirely independent and non-conflicted by the procurement.

No late tender shall be considered except with the written approval of the Assistant Director Law and Governance, (Monitoring Officer) on the advice of procurement.

31.4e Evaluation

The evaluation must be conducted in line with the process set out in the tender documents.

Tenders must be evaluated using either lowest compliant or Most Advantageous Tender methodology.

Most Advantageous Tender

If evaluating using the Most Advantageous Tender (MAT), ensure the MAT criteria, sub-criteria, weighting, and scoring guidance are disclosed to tenderers.

The final evaluation score given to each tenderer must be the Moderated Score.

Lowest Compliant

If evaluating on the basis of lowest compliance use either:

- The lowest **compliant** quotation where payment is made **by** the Council; or
- The highest **compliant** quotation where payment is made **to** the Council, e.g. a concession contract.

Compliance means the tender should be fully capable of meeting all fitness for purpose requirements in terms of specification, price, quality, delivery, etc.

Refer to section 22 of the CPR for guidance on how to manage errors in tender submissions.

31.4f Post Tender Negotiation

No negotiation with the existing or potential suppliers shall be carried out during the Procurement Process.

31.4g Authorisation to Award

Must be obtained from the relevant Director where required by the Council's Scheme of Delegation and Policy and Budget Framework, which must always be applied.

At least two tender responses must be received. If only one response is received, advice from procurement and the written approval of the Assistant Director Law and Governance (Monitoring Officer) must be obtained prior to awarding the contract.

A record of evaluation results and approval authorisation must be maintain for audit purposes.

31.4h Award & Execution

Contract Procedure Rules

Outcome of Tender Exercise

The acceptance of the successful tender is concluded by advising of the outcome of the tender via [YORtender](#) followed by the issuing of the contract.

All tenderers should be advised in writing, via [YORtender](#) of the outcome of the tender exercise. Procurement must be consulted if requests for feedback are received.

Contract details

Every contract as a minimum shall be in writing and specify:

- the supplies or services to be provided and/or the work(s) to be executed;
- the price to be paid or the manner in which the price is to be determined together with details of the amount of any discounts or other deductions;
- the time within which the contract is to be performed;
- the Council's requirements on indemnity and insurance;
- for services, an exit strategy for when the contract terminates and
- other conditions and terms as set out in the tender.

Transparency

A contract details notice must be published on the Find a Tender Service as soon as reasonably practical after entering into a contract valued at £30,000 (including VAT) to Public Contract threshold (not applicable to procurements by schools).

Details of the contract must be published on the Council's contracts register.

Signing

The Assistant Director Law and Governance (Monitoring Officer) is authorised to sign contracts that exceed £100,000 and unless they determine otherwise, such contracts shall be executed by way of deed, under the Common Seal of the Council.

The Assistant Director Law and Governance, (Monitoring Officer) is authorised to affix the Common Seal of their respective Council to such contracts.

Contracts entered into orally, due to extreme urgency, must be confirmed in writing as above as soon as possible.

The relevant Officer Decision Record should be completed by the service lead and published on the Council's website as appropriate.

31.4i Records & Documentation

The Service Area shall retain records of the procurement exercise, in accordance with the Council's approved record management or document retention policy.

Only contracts signed under the Common Seal shall be retained by the Assistant Director Law and Governance (Monitoring Officer). All other contracts shall be retained by the service area.

Contract Procedure Rules

The contract must be awarded using the options available in the contract details module on YORtender, care must be taken to ensure that the contract details are up to date.

31.5 Works Contracts (Above £207,720 (Including VAT), but below £5,193,000 (Including VAT))

31.5a Authorisation to Proceed with Procurement

Please refer to Lead Services, section 9 of the CPR.

It is the Budget Holder's responsibility to ensure the availability of budget and the authority to commit to the expenditure, noting the Key Decision and governance requirements. It is essential for the whole-life commitment to be considered not the annual value of the commitment when securing authority to proceed.

If following approval, the estimated cost of the contract increases, then the increase must be approved by the Budget Holder and there must be consideration as to whether a new Cabinet decision is required (if a Key Decision) prior to publishing the procurement. Verify decision making protocols where:

- There are potentially significant economic development / sustainability implications;
- There are budget or policy implications.

Take all reasonable steps to identify, and keep under review conflicts of interest and potential conflicts of interest, seeking advice from Legal where a conflict of interest or potential conflict of interest is identified.

31.5b Competitive Process

The service lead should ensure that any procurement is undertaken in line with the Council's agreed project management framework, where appropriate, and that a procurement timetable is produced.

The process must comply with the procurement objectives set out in the Procurement Act 2023.

Consideration should be given to the use of lots to facilitate greater access to the opportunity for SME and VCSE organisations.

Consideration should be given to how the procurement can positively contribute towards the Council's [Social Value Policy](#) and deliver tangible and meaningful added social value within North East Lincolnshire.

Consideration should be given to how the procurement can positively contribute towards the Council's Environmental Vision and contribute towards the Net Zero target of 2030, and how suppliers can mitigate their impact on the local environment of North East Lincolnshire during performance of the contract.

Consideration should be given to whether the requirement needs to be procured in line with relevant consultation requirements.

The suite of construction frameworks has been developed to meet the majority of the Council's Works requirements so refer to the Lead Service before setting the competitive process.

Where a specific procurement is necessary, use a formal open tender procedure managed using [YORtender](#) Invitations to tender to comprise:

- Clear instructions for the submission and pricing of quotations;
- An assessment of the supplier's suitability to perform the contract.

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- A clear written specification;
- A Form of Tender including anti-collusion certificate;
- A Freedom of Information Declaration;
- A Pricing Schedule and
- The approved Council Terms & Conditions/a standard form of agreement e.g. NEC or JCT suite of conditions or where alternative Terms & Conditions are used, or amendments are made, seek guidance and approval from Legal Services.

Alternatively a minimum of four formal tenders may be sought using a closed process, subject to approval by procurement.

The project manager should establish a project team. Both Procurement and Legal Services must be contacted for them to determine the level of their involvement required based on an assessment of identified risks.

Where “lowest compliant” is not being applied, the service lead in consultation with the project team must agree a percentage split in the award criteria based on the scope and importance of quality, risk and cost on a project by project basis. Where a framework is being accessed, the award criteria set out in the framework must be followed. The tender documents must set out all sub-criteria, weighting, and scoring guidance.

Requests to use electronic auctions should be referred to procurement.

31.5c Advertisement (only applicable if not using the construction frameworks)

Mandatory

A below threshold tender notice must be published on the Find a Tender Service before publishing an invitation to tender for a contract valued at £30,000 (Including VAT) to Public Contracts threshold (not applicable to procurements by schools). This does not apply when undertaking a further competition via a framework.

The procurement must be advertised openly on [YORtender](#) unless agreed otherwise as above (31.5b).

Tenders must be advertised for a minimum of 10 working days, but proportionately increased to its complexity. If the procurement is being conducted via a framework then the framework owner may have set a different minimum number of days which the further competition must comply with.

Optional

- advertising of open opportunities via social media e.g. Twitter subject to Procurement's advice
- one or more specialist trade or professional newspapers or journals where appropriate.

Direct marketing of the existence of the opportunity is permissible in order to include organisations that may not ordinarily see the opportunity and to ensure local / regional / national competition.

Any advertisement shall: specify the nature and purpose of the contract, invite expressions of interest or tenders for its execution; state the last date and time when expressions of

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interest or tenders will be accepted; and comply in all respects with the requirements of the relevant UK legislation.

31.5d Receiving & Opening of Tenders

Tenders must be submitted via [YORtender](#) and opened by an officer of appropriate seniority, who is entirely independent and non-conflicted by the procurement.

No late tender shall be considered except with the written approval of the Assistant Director Law and Governance, (Monitoring Officer) on the advice of procurement.

31.5e Evaluating Tenders (only applicable if not using the construction frameworks)

The evaluation must be conducted in line with the process set out in the tender documents.

Tenders must be evaluated using either lowest compliant or Most Advantageous Tender methodology.

Most Advantageous Tender

If evaluating using the Most Advantageous Tender (MAT) ensure the MAT criteria, sub-criteria, weighting, and scoring guidance are disclosed to tenderers.

The final evaluation score given to each tenderer must be the Moderated Score.

Lowest Compliant

If evaluating on the basis of lowest compliance use either:

- The lowest compliant quotation where payment is made by the Council; or
- The highest compliant quotation where payment is made to the Council, e.g. a concession contract.

Compliance means the tender should be fully capable of meeting all fitness for purpose requirements in terms of specification, price, quality, delivery, etc.

Refer to section 22 of the CPR for guidance on how to manage errors in tender submissions.

31.5f Post Tender Negotiation

No negotiation with the existing or potential suppliers shall be carried out during the Procurement Process.

31.5g Authorisation to Award

Must be obtained from the relevant Director where consistent in all respects with Council's Scheme of Delegation, Policy and Budget Framework and governance requirements for [Key Decisions](#).

At least two tender responses must be received. If only one response is received, the written approval of the Assistant Director Law and Governance, (Monitoring Officer) must be obtained prior to accepting the tender.

A record of evaluation results and approval authorisation must be maintain for audit purposes.

31.5h Award and Execution

Outcome of Tender Exercise

Contract Procedure Rules

The acceptance of the successful tender is concluded by advising of the outcome of the tender via [YORtender](#) followed by the issuing of the contract.

All tenderers should be advised in writing, via [YORtender](#) of the outcome of the tender exercise. Procurement must be consulted if requests for feedback are received.

Contract details

Every contract as a minimum shall be in writing and specify:

- the supplies or services to be provided and/or the work(s) to be executed;
- the price to be paid or the manner in which the price is to be determined together with details of the amount of any discounts or other deductions;
- the time within which the contract is to be performed;
- liability, indemnity and insurance and
- other conditions and terms as set out in the invitation to tender.

Transparency

A contract details notice must be published on the Find a Tender Service as soon as reasonably practical after entering into a contract valued at £30,000 (including VAT) to Public Contract threshold (not applicable to procurements by schools).

Details of the contract must be published on the Council's contracts register.

Signing

The Assistant Director Law and Governance (Monitoring Officer) is authorised to sign contracts that exceed £100,000 and unless they determine otherwise, such contracts shall be executed by way of deed, under the Common Seal of the Council.

The Assistant Director Law and Governance, (Monitoring Officer) is authorised to affix the Common Seal of their respective Council to such contracts.

Contracts entered into orally, due to extreme urgency, must be confirmed in writing as above as soon as possible.

The relevant Officer Decision Record should be completed by the service lead and published on the Council's website as appropriate.

31.5i Records & Documentation

The Service Area shall retain records of the procurement exercise, in accordance with the Council's approved record management or document retention policy.

Only contracts signed under the Common Seal shall be retained by the Assistant Director Law and Governance (Monitoring Officer). All other contracts shall be retained by the service area.

The contract must be awarded using the options available in the contract details module on YORtender, care must be taken to ensure that the contract details are up to date.

31.6 Supply of Goods, Services or Works Contracts above Public Contract Threshold

31.6a Authorisation to Proceed with Procurement

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It is the Budget Holder's responsibility to ensure the availability of budget and the authority to commit to the expenditure, noting the Key Decision and governance requirements. It is essential for the whole-life commitment to be considered and not just the annual value of the commitment when securing authority to proceed.

If following approval, the estimated cost of the contract increases, then the increase must be approved by the Budget Holder and there must be consideration as to whether a new Cabinet decision is required (if a Key Decision) prior to publishing the procurement. Verify decision making protocols where:

- There are possible Council workforce and related [TUPE](#) implications, advice from Legal Services and People and Culture must be sought;
- There are potentially significant economic development / sustainability implications and
- There are budget or policy implications.

Written evidence of Council to proceed will be required.

Take all reasonable steps to identify, and keep under review conflicts of interest and potential conflicts of interest, seeking advice from Legal where a conflict of interest or potential conflict of interest is identified.

31.6b Competitive Process

The service lead should ensure that any procurement is undertaken in line with the Council's agreed project management framework, where appropriate, and that a procurement timetable is produced.

The process must comply with the procurement objectives set out in the Procurement Act 2023.

Consideration should be given to the use of lots to facilitate greater access to the opportunity for SME and VCSE organisations.

Consideration should be given to how the procurement can positively contribute towards the Council's [Social Value Policy](#) and deliver tangible and meaningful added social value within North East Lincolnshire.

Consideration should be given to how the procurement can positively contribute towards the Council's Environmental Vision and contribute towards the Net Zero target of 2030, and how suppliers can mitigate their impact on the local environment of North East Lincolnshire during performance of the contract.

Consideration should be given to whether the requirement needs to be procured in line with relevant consultation requirements.

For all service procurements over Public Contracts thresholds, an [Equality Impact Assessment](#) must be completed to comply with the Public Services (Social Value) Act 2012 and relevant consultation requirements, prior to commencement to inform the specification and evaluation criteria.

Seek advice from Procurement when determining the Procurement Act 2023 procedure to be used. The Council's standard approach is to use the single-stage, Open Procedure. Use of the Competitive Flexible procedure must only be on advice of procurement.

The following may only be used when advised by procurement:

- Creation of a Framework

Contract Procedure Rules

- Creation of a Dynamic Market
- Accessing a Framework or Dynamic Market. This is subject to exception approval under section 27 of the CPR
- E-Auction

All transparency notices issued on the Find a Tender Service must be approved and released by procurement.

Use a formal tender procedure, and manage the process fully using [YORtender](#)

The invitation to tender must comprise:

- clear instructions for the submission and pricing of tenders;
- background information;
- a clear written specification;
- reply forms:
 - Conditions of Participation;
 - form of tender and non-collusion certificate;
 - freedom of information declaration;
 - pricing schedule;
 - method statements;
- Terms & Conditions provided by Legal Services.

The service lead should establish a project team. Both Procurement and Legal Services must be contacted for them to determine the level of their involvement required based on an assessment of identified risks.

The service lead in consultation with the project team must agree a percentage split in the award criteria based on the scope and importance of quality, risk and cost on a project by project basis. However, where the contract is being accessed via a framework, the award criteria set out in the agreement must be followed.

31.6c Advertisement

Mandatory

A tender notice must be approved and issued by procurement via the Find a Tender Service.

After publication of the tender notice, this information, along with the associated tender documents must be released on [YORtender](#) advising indicative contract values (inclusive of VAT).

Tenders must be advertised in compliance with the time limits set out in the Procurement Act 2023, but proportionately increased to its complexity. If the procurement is being conducted via a framework then the framework owner may have set a different minimum number of days which the further competition must comply with.

Optional

Contract Procedure Rules

Advertising of open opportunities via social media e.g. Twitter, facebook, linkedin and other health and voluntary sector sites subject to procurement's advice.

One or more specialist trade or professional newspapers or journals where appropriate.

Direct marketing is permissible, after publication of the tender notice on the Find a Tender Service, to include organisations that may not see the opportunity to ensure local / regional / national competition.

Any supplementary advertisement, (e.g. trade press) of the opportunity may only be published once the tender notice has been published on the Find a Tender Service and must not include additional information than is available in the tender notice.

Any advertisement shall: specify the nature and purpose of the contract, invite submission of tenders or requests to participate; state the last date and time when tenders or requests to participate will be acceptable; and comply in all respects with the requirements of the Procurement Act 2023 and relevant UK legislation.

31.6d Receiving & Opening of Tenders

Managed using [YORtender](#), kept confidential and opened by an officer who is entirely independent and has no conflict of interest in relation to the project in question.

The Council will check the Find a Tender Service to make sure the tenderers are registered on the Find a Tender Service. No submissions shall be accepted from tenderers who are not registered with the Find a Tender Service. The tender documents must ask for confirmation of this and for confirmation that the tenderer has kept their core supplier information up-to-date on the Find a Tender Service.

31.6e Evaluating Tenders

Before assessing which tender best satisfies the award criteria, the Council must disregard any tender from a supplier that is an excluded supplier, and must consider whether a supplier is an excludable supplier, and may disregard any tender from an excludable supplier.

Tenders must be evaluated using the Most Advantageous Tender (MAT), and ensure MAT criteria, sub-criteria, weighting, and scoring guidance are disclosed to tenderers.

The final evaluation score given to each tenderer must be the Moderated Score.

Refer to section 22 of the CPR for guidance on how to manage errors in tender submissions.

Conflict of interest assessments of the evaluation team are required at this stage.

Where a tenderer has been excluded from the competition at any stage mid-evaluation, the tenderer must be informed at standstill. Equally any requests for clarification from such tenders must be responded to within 15 days of the request: such letters to be approved following the standstill mechanism.

31.6f Post Tender Negotiation

No negotiation with the existing or potential suppliers shall be carried out during the Procurement Process.

31.6g Authorisation to Award

Must be obtained from the relevant Director where consistent in all respects with the Council's Scheme of Delegation, Policy and Budget Framework and governance requirements for Key Decisions.

At least two tender responses must be received. If only one response is received, the written approval of the Assistant Director Law and Governance, (Monitoring Officer) must be obtained prior to accepting the tender.

Contract Procedure Rules

A record of evaluation results and approval authorisation must be maintain for audit purposes.

31.6h Standstill Period

Before entering into the contract a contract award notice must be published on the Find a Tender Service setting out that the Council intends to enter into as contract.

Before publishing the contract award notice, an assessment summary must be provided to each supplier who submitted an assessed tender. The assessment summary must be provided in writing via YORtender. The following information must be included in the assessment summary.

The assessment summary's must give sufficient, clear reasons, making any debrief unnecessary. The Council Assessment Summary template must be used.

All assessment summaries must be produced by procurement and signed by the Commercial Lead – Contracts and Relationships or Head of Strategy, Policy and Performance.

Following issue of the contract award notice on the Find a Tender Service, a mandatory minimum 8 working day standstill period must be observed prior to final award. The period commences on the day the contract award notice is published on the Find a Tender Service and must end on a working day. If a legal challenge is received do not award the contract and seek legal advice.

The contract must not be entered into until before the end of the standstill period.

If the award is a Key Decision, then

- Notice of the Key Decision should not be issued before the conclusion of the standstill period;
- It may not be implemented by final contract award until after the 2 day notice period.

31.6i Execution

Contract details

Every contract as a minimum shall be in writing and specify:

- the supplies or services to be provided and/or the work(s) to be executed;
- the price to be paid or the manner in which the price is to be determined together with details of the amount of any discounts or other deductions;
- the time within which the contract is to be performed;
- the Council's requirements on indemnity and insurance;
- for services, an exit strategy for when the contract terminates and
- other conditions and terms as set out in the RFQ / invitation to tender.

Signing

The Assistant Director Law and Governance, (Monitoring Officer) is authorised to sign contracts that exceed £100,000 and unless they determine otherwise, such contracts shall be executed by way of deed, under the Common Seal of the Council.

The Assistant Director Law and Governance (Monitoring Officer) is authorised to affix the Common Seal of their respective Council to such contracts.

Contract Procedure Rules

Contracts entered into orally, due to extreme urgency, must be confirmed in writing as above as soon as possible.

The relevant Officer Decision Record should be completed by the service lead and published on the council's website as appropriate.

31.6j Contract Details Notice

A contract details notice must be published on the Find a Tender Service within 30 days of the contract being entered into. 120 days for light touch contracts.

Details of the contract must be published on the Council's contracts register.

If the estimated value of the Public Contract is more than £5 million a copy of the contract must be published within 90 days of the contract being entered into. 180 days for light touch contracts.

In the publication and disclosure of contracts related information, the Council will be informed by the provisions of section 94 of the Procurement Act 2023, and the exemptions and exceptions set out in the Data Protection Act 2018 / UK GDPR, the Freedom of Information Act 2000 and the Environmental Information Regulations 2024.

31.6k Records & Documentation

The service lead shall retain records of the procurement exercise, in accordance with the requirements of the Procurement Act 2023 and the Council's approved record management or document retention policy. The service lead will ensure this decision record is uploaded, but not published, on [YORtender](#).

Only contracts signed under the Common Seal shall be retained the Assistant Director Law and Governance, (Monitoring Officer). All other contracts shall be retained by the service area.

The contract must be awarded using the options available in the contract details module on [YORtender](#), care must be taken to ensure that the contract details are up to date.

The award recommendation award approval must be retained.

An Officer Decision Record must be produced and published as appropriate.

31.7 Light Touch Contracts above £663,540 (including VAT)

31.7a Authorisation to Proceed with Procurement

It is the Budget Holder's responsibility to ensure the availability of budget and the authority to commit to the expenditure, noting the Key Decision and governance requirements. It is essential for the whole-life commitment to be considered and not just the annual value of the commitment when securing authority to proceed.

If following approval, the estimated cost of the contract increases, then the increase must be approved by the Budget Holder and there must be consideration as to whether a new Cabinet decision is required (if a Key Decision) prior to publishing the procurement. Verify decision making protocols where:

- There are possible Council workforce and related [TUPE](#) implications, advice from Legal Services and People and Culture must be sought;
- There are potentially significant economic development / sustainability implications and
- There are budget or policy implications.

Written evidence of Council to proceed will be required.

Contract Procedure Rules

Take all reasonable steps to identify, and keep under review conflicts of interest and potential conflicts of interest, seeking advice from Legal where a conflict of interest or potential conflict of interest is identified.

31.7b Competitive Process

The use of light touch must be undertaken on the advice of procurement.

Under the Procurement Act 2023, light touch contracts are contracts for certain social, health, education and other public services and are subject to more flexible procurement rules. One thing these services have in common is that they are services provided directly to individuals or groups of people and therefore warrant special treatment and greater flexibility.

Procurements of light touch Public Contracts must comply with the procurement objectives set out in the Procurement Act 2023, and must comply with the competitive tendering procedures set out in section 20 of the Procurement Act 2023.

The light touch provisions in the Procurement Act 2023 do not apply to regulated health procurements as defined in the regulations made under the national Health Service Act 2006. Regulated health procurement is the procurement of specified services by a 'relevant Council' that are subject to separate procurement provisions made under the National Health Services Act 2006. These separate provisions are currently the Provider Selection Regime, and have applied to the procurement of certain healthcare services by relevant authorities in England since 1 January 2024.

The service lead should ensure that any procurement is undertaken in line with the Council's agreed project management framework, where appropriate, and that a procurement timetable is produced.

The process must comply with the procurement objectives set out in the Procurement Act 2023.

Consideration should be given to the use of lots to facilitate greater access to the opportunity for SME and VCSE organisations.

Consideration should be given to how the procurement can positively contribute towards the Council's [Social Value Policy](#) and deliver tangible and meaningful added social value within North East Lincolnshire.

Consideration should be given to how the procurement can positively contribute towards the Council's Environmental Vision and contribute towards the Net Zero target of 2030, and how suppliers can mitigate their impact on the local environment of North East Lincolnshire during performance of the contract.

Consideration should be given to whether the requirement needs to be procured in line with relevant consultation requirements.

Seek advice from Procurement when determining the Procurement Act 2023 procedure to be used. The Council's standard approach is to use the single-stage, Open Procedure. Use of the Competitive Flexible procedure must only be on advice of procurement.

The following may only be used when advised by procurement:

- Creation of a Framework
- Creation of a Dynamic Market
- Accessing a Framework or Dynamic Market. This is subject to exception approval under section 27 of the CPR

Contract Procedure Rules

- E-Auction

All transparency notices issued on the Find a Tender Service must be approved and released by procurement.

Use a formal tender procedure, and manage the process fully using [YORtender](#)

The invitation to tender must comprise:

- clear instructions for the submission and pricing of tenders;
- background information;
- a clear written specification;
- reply forms:
 - Conditions of Participation;
 - form of tender and non-collusion certificate;
 - freedom of information declaration;
 - pricing schedule;
 - method statements;
- Terms & Conditions provided by Legal Services.

For all service procurements over Public Contracts thresholds, an [Equality Impact Assessment](#) must be completed to comply with the Public Services (Social Value) Act 2012 and relevant consultation requirements, prior to commencement to inform the specification and evaluation criteria.

The service lead should establish a project team. Both procurement and Legal Services must be contacted for them to determine the level of their involvement required based on an assessment of identified risks.

The service lead in consultation with the project team must agree a percentage split in the award criteria based on the scope and importance of quality, risk and cost on a project by project basis. However, where the contract is being accessed via a framework, the award criteria set out in the agreement must be followed.

31.7c Advertisement

Mandatory

A tender notice must be approved and issued by procurement via the Find a Tender Service.

After publication of the tender notice, this information, along with the associated tender documents must be released on [YORtender](#) advising indicative contract values (inclusive of VAT).

Time limits must be proportionate to the complexity of the contract being awarded. If the procurement is being conducted via a framework then the framework owner may have set a different minimum number of days which the further competition must comply with.

Optional

Advertising of open opportunities via social media e.g. Twitter, facebook, linkedin and other health and voluntary sector sites subject to procurement's advice.

One or more specialist trade or professional newspapers or journals where appropriate.

Contract Procedure Rules

Direct marketing is permissible, after publication of the tender notice on the Find a Tender Service, to include organisations that may not see the opportunity to ensure local / regional / national competition.

Any supplementary advertisement, (e.g. trade press) of the opportunity may only be published once the tender notice has been published on the Find a Tender Service and must not include additional information than is available in the tender notice.

Any advertisement shall: specify the nature and purpose of the contract, invite submission of tenders or requests to participate; state the last date and time when tenders or requests to participate will be acceptable; and comply in all respects with the requirements of the Procurement Act 2023 and relevant UK legislation.

31.7d Receiving & Opening of Tenders

Managed using [YORtender](#), kept confidential and opened by an officer who is entirely independent and has no conflict of interest in relation to the project in question.

The Council will check the Find a Tender Service to make sure the tenderers are registered on the Find a Tender Service. No submissions shall be accepted from tenderers who are not registered with the Find a Tender Service. The tender documents must ask for confirmation of this and for confirmation that the tenderer has kept their core supplier information up-to-date on the Find a Tender Service.

31.7e Evaluating Tenders

Before assessing which tender best satisfies the award criteria, the Council must disregard any tender from a supplier that is an excluded supplier, and must consider whether a supplier is an excludable supplier, and may disregard any tender from an excludable supplier.

Tenders must be evaluated using the Most Advantageous Tender (MAT), and ensure MAT criteria, sub-criteria, weighting, and scoring guidance are disclosed to tenderers.

The final evaluation score given to each tenderer must be the Moderated Score.

Refer to section 22 of the CPR for guidance on how to manage errors in tender submissions.

Conflict of interest assessments of the evaluation team are required at this stage.

Where a tenderer has been excluded from the competition at any stage mid-evaluation, the tenderer must be informed at standstill. Equally any requests for clarification from such tenders must be responded to within 15 days of the request: such letters to be approved following the standstill mechanism.

31.7f Post Tender Negotiation

No negotiation with the existing or potential suppliers shall be carried out during the Procurement Process.

31.7g Authorisation to Award

Must be obtained from the relevant Director where consistent in all respects with the Council's Scheme of Delegation, Policy and Budget Framework and governance requirements for Key Decisions.

At least two tender responses must be received. If only one response is received, the written approval of the Assistant Director Law and Governance, (Monitoring Officer) must be obtained prior to accepting the tender.

A record of evaluation results and approval authorisation must be maintained for audit purposes.

31.7h Standstill Period

Contract Procedure Rules

Before entering into the contract a contract award notice must be published on the Find a Tender Service setting out that the Council intends to enter into as contract.

Before publishing the contract award notice, an assessment summary must be provided to each supplier who submitted an assessed tender. The assessment summary must be provided in writing via YORtender. The following information must be included in the assessment summary.

The assessment summary's must give sufficient, clear reasons, making any debrief unnecessary. The Council's Assessment Summary template must be used.

All assessment summaries must be produced by procurement and signed by the Commercial Lead – Contracts and Relationships or Head of Strategy, Policy and Performance.

Following issue of the contract award notice on the *Find a Tender Service*, it is advised that a voluntary minimum 8 working day standstill period is observed prior to final award. The period commences on the day the contract award notice is published on the *Find a Tender Service* and must end on a working day. If a legal challenge is received do not award the contract and seek advice from Legal Services.

If observing a voluntary standstill period, the contract must not be entered into until before the end of the voluntary standstill period.

If the award is a Key Decision, then:

- Notice of the Key Decision should not be issued before the conclusion of the standstill period;
- It may not be implemented by final contract award until after the 2 day notice period.

31.7i Contract Details Notice

A contract details notice must be published on the Find a Tender Service within 120 days of the contract being entered into.

Details of the contract must be published on the Council's contracts register.

If the estimated value of the Public Contract is more than £5 million a copy of the contract must be published within 180 days of the contract being entered into.

31.7j Records & Documentation

The service lead shall retain records of the procurement exercise, in accordance with the requirements of the Procurement Act 2023 and the Council's approved record management or document retention policy. The service lead will ensure this decision record is uploaded, but not published, on [YORtender](#).

Only contracts signed under the Common Seal shall be retained the Assistant Director Law and Governance, (Monitoring Officer). All other contracts shall be retained by the service lead.

The contract must be awarded using the options available in the contract details module on [YORtender](#), care must be taken to ensure that the contract details are up to date.

The award recommendation award approval must be retained.

An Officer Decision Record must be produced and published as appropriate.

31.8 Health Care Services procured under the Provider Selection Regime

31.8a Authorisation to Proceed with Procurement

Contract Procedure Rules

It is the Budget Holder's responsibility to ensure the availability of budget and the authority to commit to the expenditure, noting governance requirements. It is essential for the whole-life commitment to be considered and not just the annual value of the commitment when securing authority to proceed.

If following approval, the estimated cost of the contract increases, then the increase must be approved by the Budget Holder and there must be consideration as to whether a new Cabinet decision is required (if a Key Decision) prior to publishing the procurement. Verify decision making protocols where:

- There are possible Council workforce and related [TUPE](#) implications, advice from Legal Services and People and Culture must be sought;
- There are potentially significant economic development / sustainability implications and
- There are budget or policy implications.

Written evidence of authority to proceed will be required.

Take all reasonable steps to identify, and keep under review conflicts of interest and potential conflicts of interest, seeking advice from Legal where a conflict of interest or potential conflict of interest is identified.

31.8b Competitive Process

Health Care Service contracts must be procured in compliance with the requirements of Provider Selection Regime. Advice must be sought from procurement when undertaking a procurement for Health Care Services.

Procurement of Health Care Services must follow the appropriate process set out in the Provider Selection Regime. The 5 possible processes are:

- Direct Award Process A
- Direct Award Process B
- Direct Award Process C
- The Most Suitable Provider Process
- The Competitive Process

Selection of the correct process to use must be done in line with requirements of [the Provider Selection Regime: Statutory Guidance](#).

Award/procurement of Health Care Services contracts must comply with the procurement principles set out in [Regulation 4](#) of Provider Selection Regime.

The Provider Selection Regime applies to the arranging of all Health Care Services; there is no minimum threshold for application of the regime. Therefore, when applying the Provider Selection Regime, a proportionate approach must be applied. The approach must not create a disproportionate burden relative to the benefits that will be achieved.

The service lead should ensure that any procurement is undertaken in line with the Council's agreed project management framework, where appropriate, and that a procurement timetable is produced.

Where undertaking a competitive process, consideration should be given to the use of lots to facilitate greater access to the opportunity for SME and VCSE organisations.

Consideration should be given to how the award/ procurement can positively contribute towards the Council's Social Value Policy and deliver tangible and meaningful added social value within North East Lincolnshire.

Contract Procedure Rules

Consideration should be given to how the award/ procurement can positively contribute towards the Council's Environmental Vision and contribute towards the Net Zero target of 2030, and how suppliers can mitigate their impact on the local environment of North East Lincolnshire during performance of the contract.

Consideration should be given to whether the requirement needs to be procured in line with relevant consultation requirements.

The following may only be used when advised by procurement:

- Creation of a Framework
- Accessing a Framework or Dynamic Market. This is subject to exception approval under section 27 of the CPR

All transparency notices issued on the Find a Tender Service must be approved and released by procurement.

[YORtender](#) should ordinarily be used when undertaking a competitive process for contracts valued at over £5,000.

[YORtender](#) must be used when undertaking a competitive process for contacts valued at over £100,000.

When undertaking a competitive process, the invitation to tender must comprise:

- clear instructions for the submission and pricing of tenders;
- background information;
- a clear written specification;
- reply forms:
 - Basic Selection Criteria;
 - form of tender and non-collusion certificate;
 - freedom of information declaration;
 - pricing schedule;
 - Key Criteria;
- Terms & Conditions provided by Legal Services.

For all service procurements over Public Contracts thresholds, an Equality Impact Assessment must be completed to comply with the Public Services (Social Value) Act 2012 and relevant consultation requirements, prior to commencement to inform the specification and evaluation criteria.

The service lead should establish a project team. Both procurement and Legal Services must be contacted for them to determine the level of their involvement required based on an assessment of identified risks.

The service lead in consultation with the project team must agree a percentage split in the award criteria based on the scope and importance of quality, risk and cost on a project by project basis. However, where the contract is being accessed via a framework, the award criteria set out in the agreement must be followed.

Contract Procedure Rules

Direct Award Process A, Direct Award Process B and contracts based on a Framework

- Publish a notice of the award within 30 days of the contract award on the Find a Tender Service.

Direct Award Process C

- Before the contract is entered into, publish on the Find a Tender Service a notice setting out the Councils intention to award. Publishing of this notice starts the mandatory standstill period (see 33.8h).
- Publish a notice of the award within 30 days of the contract award on the Find a Tender Service.

Most Suitable Provider Process

- After the Council has decided to follow the approach for the most suitable provider process, it must publish its intention to follow this approach on the Find a Tender Service.
- After the Council has selected a provider, but before the contract is entered into, it must publish its intention to award a contract on the Find a tender Service. Publishing of this notice starts the mandatory standstill period (see 33.8h).
- Once the standstill period has ended, the Council can award the contract. The Council must publish on the Find a Tender Service a confirmation of the award within 30 days of the contract award.

Competitive Process

- A Contract Notice must be published on the Find a Tender Service to initiate start of the competitive process.
- After the Council has identified the successful provider(s) (including when establishing a framework or awarding a contract based on a framework), it must publish on the Find a Tender Service its intention to award a contract to the successful provider.
- Once the standstill period has ended, the Council can award the contract (including those awarded based on a framework) or conclude the framework. The Council must publish on the Find a Tender Service a notice confirming the award within 30 days of the contract award.

All contracts valued over £5,000 must be added to the Council's contracts register.

All transparency notice will be published by procurement.

31.8d Receiving & Opening of Tenders

When managing a competitive process using [YORtender](#), submissions must be kept confidential and opened by an officer who is entirely independent and has no conflict of interest in relation to the project in question.

31.8e Evaluating Tenders

Basic Selection Criteria

Reasonable and proportionate due diligence must be undertaken on providers. Consideration must be given to whether the organisation they enter into a contract has the legal and financial capacities and the technical and professional abilities to deliver the contract.

Contract Procedure Rules

For direct award process C, the most suitable provider process, and the competitive process, and when establishing a framework, the Council must assess if providers are considered suitable to provide a service by applying the basic selection criteria as outlined in [Schedule 16](#) of the Provider Selection Regime. All basic selection criteria requirements must be related and proportionate to the subject-matter of the contract or framework.

There is no requirement to apply the basic selection criteria when following direct award processes A or B, or when awarding a contract based on a framework.

The Council must not award a contract to a provider, and may exclude a provider from any of the Provider Selection Regime processes, if the provider meets the exclusion criteria detailed in [Regulation 20](#) or the Provider Selection Regime. A provider may offer evidence that it has taken measures to demonstrate its reliability despite meeting a criterion for exclusion; if the Council considers these measures to be sufficient, they must not exclude the provider. If the Council does not consider the measures to be sufficient, they must respond to the provider with a statement of the reasons for this decision.

Key Criteria

The following five key criteria must be considered when applying direct award process C, the most suitable provider process or the competitive process:

- quality and innovation
- value
- integration, collaboration and service sustainability
- improving access, reducing health inequalities and facilitating choice
- social value.

Advice should be sought from procurement before setting basic selection criteria and key criteria.

The final evaluation score given to each tenderer must be the Moderated Score.

Refer to section 22 of the CPR for guidance on how to manage errors in tender submissions.

Conflict of interest assessments of the evaluation team are required at this stage.

31.8f Post Tender Negotiation

No negotiation with the existing or potential suppliers shall be carried out during the Procurement Process.

31.8g Authorisation to Award

Must be obtained from the relevant Director where consistent in all respects with the Council's Scheme of Delegation, Policy and Budget Framework and governance requirements for Key Decisions.

If applying the competitive process, at least two tender responses must be received. If only one response is received, the written approval of the Assistant Director Law and Governance, (Monitoring Officer) must be obtained prior to accepting the tender.

A record of evaluation results and approval authorisation must be maintained for audit purposes.

31.8h Standstill Period

Where Direct Award Process C, the Most Suitable Provider Process or the Competitive Process are followed the Council must not enter into the contract or conclude the framework before the end of a standstill period.

Contract Procedure Rules

The standstill period begins on the day after the day a notice of intention to award or conclude is published on the Find a Tender Service.

Where no written representations are received the standstill period ends at midnight at the end of the 8th working day after the day the standstill period began.

After having identified the winning bid, the Council must communicate their decision in writing to unsuccessful providers before publishing the intention to award notice. The Council must provide unsuccessful providers with written information on why their bid was unsuccessful. This must include:

- contract or framework title and reference
- contract or framework award criteria against which bids were evaluated
- reasons why the successful provider was successful (this may include the score of the successful provider)
- reasons why the unsuccessful provider was unsuccessful (this may include the score of the unsuccessful provider)
- start and end dates for the period during which written representations may be made.

All feedback must be produced by procurement and signed by the Commercial Lead – Contracts and Relationships or Head of Strategy, Policy and Performance. If a representation is received do not award the contract and seek advice from Legal Services.

If the award is a Key Decision, then:

- Notice of the Key Decision should not be issued before the conclusion of the standstill period;
- It may not be implemented by final contract award until after the 2 day notice period.

31.8i Records & Documentation

The service lead shall retain records of the procurement exercise, in accordance with the requirements of the Provider Selection Regime and the Council's approved record management or document retention policy. The service lead will ensure this decision record is uploaded, but not published, on [YORtender](#).

Only contracts signed under the Common Seal shall be retained the Assistant Director Law and Governance, (Monitoring Officer). All other contracts shall be retained by the service lead.

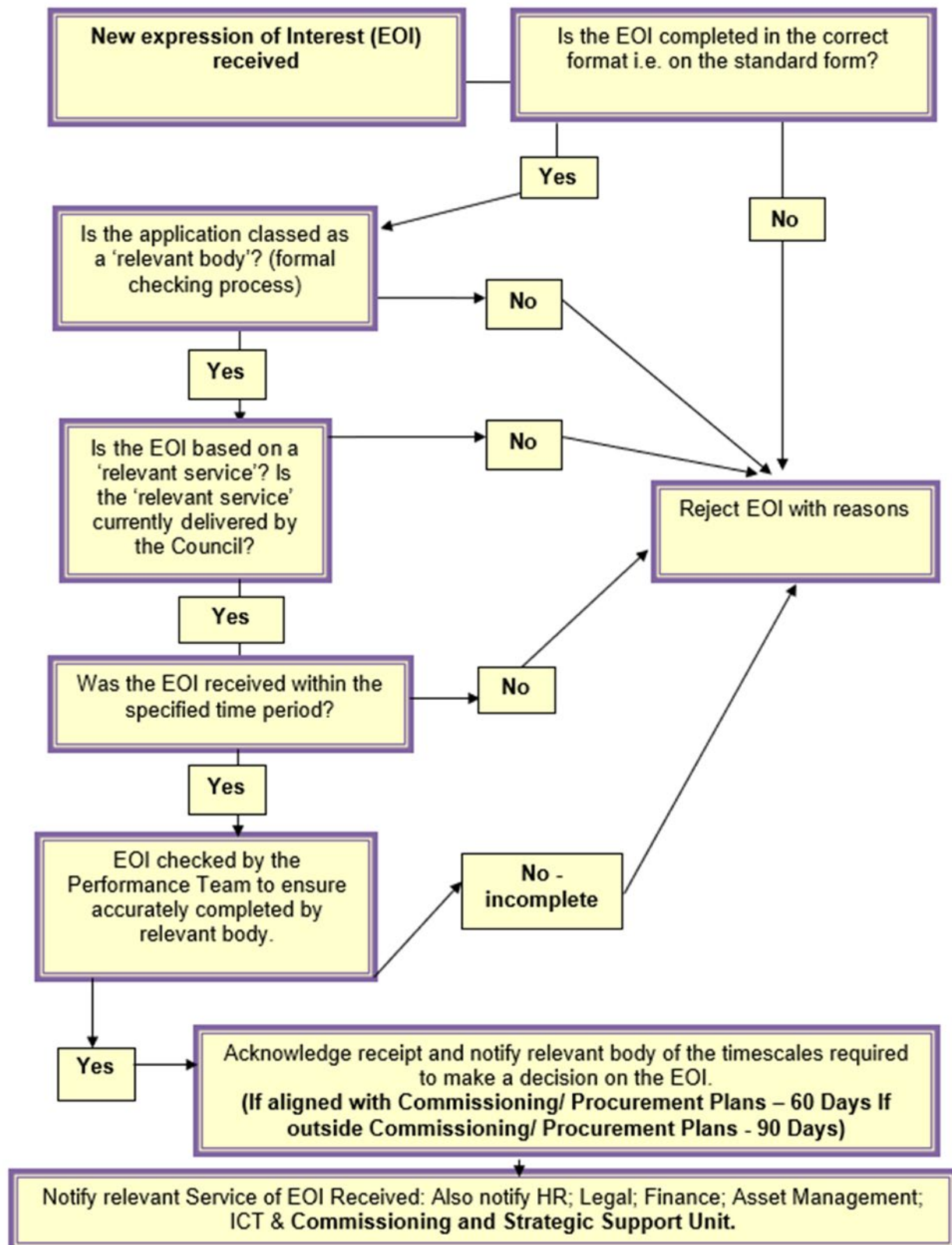
The contract must be awarded using the options available in the contract details module on [YORtender](#), care must be taken to ensure that the contract details are up to date.

The award recommendation award approval must be retained.

An Officer Decision Record must be produced and published as appropriate.

Contract Procedure Rules

ANNEX 1 - COMMUNITY RIGHT TO CHALLENGE EXPRESSION OF INTEREST PROCESS MAP



Contract Procedure Rules

