

## Appendix 1 – Relevant Paragraphs of the Finance and Contract Procedure Rules in the Constitution

### A.32 Approval limits for virements are as follows:

Approval Level Head of Service	Virement Amount/Percentage Up to £100,000 or 10% of their net Service budget, whichever is the lowest. (Revenue)
Corporate Management Team	Greater than 10% of a net Service budget but less than £100,000 (Revenue)
	Up to £100,000 between net Service budgets (Revenue) within their area of responsibility
	Up to £100,000 funded from underspends within the approved Service budget (Capital)
Corporate Management Team in consultation with <b>Resources Finance</b> Portfolio Holder	Over £100,000 and up to and including <del>£500,000</del> £250,000 (Revenue/Capital)
<b>Portfolio Holders and Corporate Management Team in consultation with Performance Portfolio Holder, Finance Portfolio Holder via Executive Monitoring Board</b>	<b>Over £250,000 and up to and including £500,000 (Revenue/Capital)</b>
Cabinet Members	Over £500,000 and up to and including £1,000,000 (Revenue/Capital)
Council	<ul style="list-style-type: none"> <li>▪ £1,000,000 or more; and/or</li> <li>▪ Significant ongoing financial implications; and/or</li> <li>▪ Significant policy change.</li> </ul> (Revenue/Capital)
	“Significant” to be defined by the Director of Finance and Business Services or their representative.

No virements are permitted from ringfenced budgets.

### Supplementary Estimates

### A.33 Where services wish to undertake an activity not originally identified in the budget or extend an existing capital scheme where additional income or

ringfenced funding becomes available in year, approval must be sought for a fully funded supplementary capital or revenue estimate in accordance with A36 below. The Director of Finance and Business Services must be consulted to establish that the funding identified can be legitimately linked to the expenditure in question.

- A.34** Any request for a supplementary capital or revenue estimate for £1,000,000 or more, whether or not it is fully funded, must be approved by Council.
- A.35** Supplementary estimates which are not fully funded and are to be met from reserves or balances or general purpose funding (i.e. Council tax or non-ringfenced grant) regardless of value, must be approved by Council. Council approval is also required where there are significant implications (as determined by the Director of Finance and Business Services) for future year's budgets.
- A.36** Approval limits for fully funded supplementary capital and revenue estimates, as defined in A33 above, are as follows:

Approval Level	Supplementary Estimate Amount
Corporate Management Team	Up to £100,000
Corporate Management Team in consultation with <del>Resources</del> Finance Portfolio Holder	Between £100,000 and <del>£500,000</del> £250,000
<del>Portfolio Holders and Corporate Management Team in consultation with Performance Portfolio Holder, Finance Portfolio Holder via Executive Monitoring Board</del>	<del>Between £250,000 and £500,000</del>
Cabinet Members with recommendation from Executive Monitoring Board	Between £500,000 and £1,000,000
Council with recommendation from Executive Monitoring Board and Cabinet	Over £1,000,000

## Capital Programmes

### Capital Expenditure

- B.26** Capital expenditure is broadly defined as expenditure in excess of £10,000, on the acquisition of a tangible asset, or expenditure which adds to (rather than merely maintains), the value of an existing asset and/or extends the useful life of an asset and increasing usability, provided that the asset yields benefits to the Council and the services it provides is for a period of more than one year.

## Capital Approvals

- B.27** Capital approvals referred to in these Finance Procedure Rules relate to the total cost or “starts value” of each provision or scheme rather than the anticipated expenditure in each year. Individual items estimated to cost in excess of £250,000 will be treated as separate schemes or provisions. **The Council has established a Project Gateway process to provide a strong quality assurance model for major Projects and Programmes which underpins these rules.**
- B.28** An Option Appraisal in the form of a detailed Business Case Template, in a form agreed by the Director of Finance and Business Services, must be prepared for all capital proposals with a gross estimated cost in excess of £250,000, **or where there is a significant risk**, including the replacement of individual vehicles or items of equipment, before being submitted for inclusion in the Capital Programme or before approval is sought from Members in year. **In accordance with the Project Gateway process all such Business Cases will be considered by the Executive Monitoring Board.** A ~~summarised version of the~~ Business Case Template will also be required for all proposals over £100,000. These will be used as the basis for assessing the affordability and deliverability of the scheme, as well as for monitoring, reporting and post-implementation review. **Such Business Cases will not be considered by the Executive Monitoring Board.**
- B.29** Option Appraisals, in the form of a **detailed** Business Case Template, must also be prepared for all revenue proposals with a significant financial impact, risk profile or policy change, as specified by the Director of Finance and Business Services. The **proforma** template, in a form agreed by the Director of Finance and Business Services, must include an assessment of the Service consequences, risk and impact on users, and include any differential impact on particular groups or localities. **In accordance with the Project Gateway process all Business Cases above £250,000, or where there is a significant risk, will be considered by the Executive Monitoring Board.**

## Capital Block Provisions

- B.30** As part of the annual policy and planning process, schemes in the capital programme which have not reached an advanced state will be reconsidered.
- B.31** Services are expected to develop reserve capital schemes which can be brought forward in the event of changes in the approved programme, subject to approval via the normal routes.
- B.32** Block provisions will be approved within the Capital Programme for individual schemes costing less than £250,000. A detailed breakdown of the expenditure proposed must be submitted for approval by the

~~appropriate Cabinet Member~~ Executive Monitoring Board as part of the policy and planning process. This requirement will also apply to block provisions included in the vehicle and equipment replacement programme.

### **Capital Monitoring and Amendments to the Capital Programme**

- B.33** Where possible, all capital schemes contained within the block provision should be approved through the annual capital programme setting process, within the timetable set out by the Director of Finance and Business Services and approved by Council in February. Any subsequent further breakdown of block approvals must follow the appropriate approval route, with completion of a delegated decision template where necessary.
- B.34** Any 'in year' approval sought for capital schemes in excess of £250,000, ~~and/or there is significant risk~~, must be supported by a completed, detailed Business Case template, in the format prescribed by the Director of Finance and Business Services, which has been endorsed by the ~~Capital Asset Group Member-led governance group called the Executive Monitoring Board~~ prior to submission through the appropriate decision making route.
- B.35** ~~Once the Capital Programme has been approved, Project and Programme managers must produce a Project Initiation Document (PID) outlining in more detail how the Project or Programme will be delivered which must be approved by the Executive Monitoring Board. Project and Programme managers must ensure that the project specification remains consistent with the approved capital appraisal and continues to represent value for money for the Council. Where project outcomes or costs alter significantly from those set out in the original appraisal a revised detailed Business Case Template must be completed and submitted to the officer-Capital Asset Group Executive Monitoring Board. Where the Executive Monitoring Board have identified particular Projects and Programmes which they wish to monitor the Board will be empowered to control, if they deem it appropriate, delivery of the Project or Programme through a requirement at each critical stage for its consent before releasing the funding needed. In the event that the Executive Monitoring Board consider that a Project or Programme has become unviable the Portfolio Holder for Finance is authorised in consultation with the Leader of the Council, the Portfolio Holder for Performance and the relevant Portfolio holder to recommend the abandonment of the Project or Programme through the appropriate decision making route.~~
- B.36** Wherever possible, expenditure in respect of Highways improvements funded by developers and Rechargeable works should be included in the Capital Programme. Where this is not possible Heads of Service may approve capital expenditure in respect of:
- Highway improvements fully funded by developers under Section 278 of the Highways Act 1980, provided that a formal agreement has been completed with the developer

- Other rechargeable reinstatement work costing in excess of £10,000
- Urgent work to repair, replace or reinstate vehicles, buildings or equipment, where the work is to be fully funded from insurance monies following consultation with the Finance Manager.

**B.37** In addition, Heads of Service may authorise essential design work required in advance of the start of the financial year on capital schemes which are in the programme approved by Council in February.