



Chelmsford City Council

16 July 2025

Proposed Changes to the Constitution

Report by:

Leader of the Council

Officer Contact:

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Purpose

To consider proposed changes to the constitution as set out in Appendices 1-3, the detail of which are set out in the report.

Recommendations

It is recommended that:

1. Council agrees the proposed changes to the constitution set out in Appendices 1-3 of the report.
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1. Background

- 1.1. The Council's Constitution is reviewed regularly and at least annually to ensure that it remains complete, up to date and reflects current practice and legislation. Reviews are normally initiated by officers although can be requested by members. Any recommendations are submitted in the first instance to the Constitutional Working Group. Its recommendations are

passed to the Governance Committee, the Cabinet and Full Council which takes the decision whether to approve the changes or not.

- 1.2. The proposed changes to the constitution seek to clarify the distinction between executive and non-executive decision making, arise from a general review of financial arrangements including thresholds for decisions, and/or make changes arising from the deletion of a post (Procurement and Risk Manager). There are also changes to Council procedure rules requested by the working group. There are also some other minor amendments that are recommended relating to the codifying of an existing officer delegation for decisions about assets of community value and other changes are proposed to update titles, membership or make minor adjustments to tidy up the matters listed.
- 1.3. The City Council has a Leader and Cabinet model of governance. Legislation (including detailed regulations) provide for whether a decision must be taken by Full Council or Cabinet. There are also some matters where the Council can choose whether Full Council or Cabinet takes the decision. Full Council sets the “Budget and Policy Framework”. It is proposed to add an appendix to the Budget and Policy Framework which lists items that are included to clarify what is meant by this term and accordingly the matters that must be determined by Full Council. The list is set out in Appendix 1. Some changes are also proposed under financial matters which will help to clarify the relevant decision-making body.
- 1.4. In relation to the review of financial arrangements, changes are proposed to Articles 4 & 15, Full Council and Cabinet Terms of Reference, officer delegations, Cabinet Member responsibilities, Financial Regulations and Contract Procedure Rules. Appendix 2 sets out the proposed changes to the Contract Procedure Rules which are largely updates relating to recent changes in legislation and Appendix 3 sets out the changes to the Financial Regulations. All other proposals are set out in Appendix 1.
- 1.5. In relation to the deletion of a manager post, changes are proposed to Cabinet Member responsibilities, officer delegations, Financial Regulations and Contract Procedure Rules as set out in the relevant appendices.
- 1.6. The proposals from the annual review of the constitution have been considered by the Constitutional Working Group, Cabinet and Governance Committee which all support the proposals.

2. Conclusion

- 2.1. Full Council is asked to consider whether to approve the amendments to the Constitution set out in Appendices 1-3.

List of appendices:

Appendix 1 – Proposed changes to constitution

Appendix 2 – Contract Procedure Rules

Appendix 3 – Financial Regulations

Background papers:

None

Corporate Implications

Legal/Constitutional: These are set out in the report. The Constitution Working Group, Governance Committee and Cabinet are consultees in relation to any changes to the constitution. They recommend that Council approves the various changes that are proposed.

Financial: Changes are being recommended to financial arrangements but there are no other financial implications arising from the proposals.

Potential impact on climate change and the environment: None

Personnel: None

Risk Management: None

Equality and Diversity: None

Health and Safety: None

Digital: None

Other: None

Consultees:

Constitution Working Group, Governance Committee and Cabinet.

Relevant Policies and Strategies:

Constitution

Full Council 16th July 2025 Appendix 1 - PROPOSED CHANGES TO CONSTITUTION 2025 (item 7)

Item proposed for change	Current version in constitution	Changes proposed (deletions in blue and additions in pink)
1. Budget and Policy Framework – change suggested to help clarify the role of Full Council and what is meant by the term “budget and policy framework” and what specific items are included and are non-executive decisions that can only be taken by Full Council. Proposed to add an appendix which lists what is included in this framework.	No list currently in constitution	1. Insert into the Budget and Policy Framework rules between the definition of budget and policy framework and paragraph 4.11.1. “A list of items that are included in the Budget and Policy Framework can be found at the appendix to these rules. This will be kept under review and amended by the Monitoring Officer (in consultation with the Chair of Governance Committee) where changes arise. 2. Insert Appendix at the end of rules as follows Appendix List of items included in Budget and Policy Framework A. Annual Budget including Capital Strategy

		Investment Strategy Treasury Management Strategy Medium Term Financial Strategy B. Policies including Local Plan Council Plan (Our Chelmsford Our Plan) The Constitution Licensing Policy Gambling Policy Statutory Pay Policy Any policies determined by Full Council
2. Financial matters – these changes have arisen from a review by the S151 officer a) changes to Article 4	Definitions In this Article, “policy framework” and “budget” have the following meanings: (a) Policy framework - The policy framework means those policies and plans which must be approved or adopted by the Full Council, whether this is set out in legislation or decided by the Council. The current list can be found in the Terms of Reference of the Council in Part 3. The Chief Executive or Monitoring Officer will advise whether other policies, strategies or plans should be approved or adopted by Full Council. (b) Budget - The budget includes: the allocation of financial resources to different services and projects, proposed contingency funds, setting	Definitions In this Article, “policy framework” and “budget” have the following meanings: (a) Policy framework - The policy framework means those policies and plans which must be approved or adopted by the Full Council, whether this is set out in legislation or decided by the Council. The current list can be found in the Terms of Reference of the Council in Part 3. The Chief Executive or Monitoring Officer will advise whether other policies, strategies or plans should be approved or adopted by Full Council. (b) Budget - The budget includes: the allocation of financial resources to different services and projects, proposed contingency funds, setting the council tax,

	the council tax, decisions relating to the control of the Council's borrowing requirement, the control of its capital expenditure and the setting of virement limits, supplementary estimate limits, and approval of other financial documents.	decisions relating to the control of the Council's borrowing requirement, the control of its capital expenditure and the setting of virement limits, supplementary estimate limits, and approval of other financial documents. (c) The current list of items that are included in the Budget and Policy Framework can be found in the appendix to the Budget and Policy Framework in 4.11 and the Terms of Reference for Full Council in Part 3.
b) Update title of Accountancy Services Manager to Financial Services Manager	Various existing references in constitution (eg article 13)	Various references in constitution to be updated
c) Article 15	Reference in 2.15.1 to 4.7 incorrect	Should be updated to refer to 4.11
d) Full Council – Terms of reference minor updates	Budget, Finance and Policy 9. Adopt, with or without amendment, statutory and major non-statutory policies, plans and strategies (the “policy framework”) recommended to it by the Cabinet. The current list of policies, plans and strategies is maintained by the Monitoring Officer; 10. Approve, with or without amendment, the Council's budget and the Council Tax	Budget, Finance and Policy 9. Adopt, with or without amendment, statutory and major non-statutory policies, plans and strategies (the “policy framework”) recommended to it by the Cabinet. The current list of policies, plans and strategies is identified in 4.11 and will be updated by the Monitoring Officer as necessary; 10. Approve, with or without amendment, the Council's budget, borrowing limits, and the Council Tax for the City recommended to it by the Cabinet;

g) Update officer delegations General power of competence	level of fees and charges; 4. receipt of the Annual Report and Statement of Accounts and the write-off of debts; 5. arrangements to consult with representatives of non-domestic ratepayers under Section 65 of the Local Government Finance Act 1992; Procurement, Risk, Insurance and Revenue/Benefits 1. the funding of local voluntary and community groups and projects; the efficient and cost-effective procurement of goods and services required by the Council; 2. fraud investigation; 3. Revenue and Benefits Services general power of competence 3.4.1 eg Directors general powers include a) financial management including budgeting, monitoring of budgets, and charges for services in accordance with the Council's Financial Rules. and (p) establish the level of any new fee or charge for the service for which they	5. the write-off of debts over £100,000 individually or cumulatively for the year. 6. be consulted on annual end of year funding of capital programme by the Chief Financial Officer. 7. Arrangements to consult with representatives of non-domestic ratepayers under Section 65 of the Local Government Finance Act 1992. <u>Procurement, Risk, Insurance and Revenue/Benefits</u> 1. The funding of local voluntary and community groups and projects the efficient and cost-effective procurement of goods and services required by the Council; 2. fraud investigation; 3. Revenue and Benefits Services a) financial management including budgeting management and monitoring of budgets and charges for services in accordance with the Council's Financial Rules, Fees and Charges Setting: -Annual Fees and charges setting, in consultation with Cabinet member and Cabinet member for finance. -Develop and implement new charges during the financial year in consultation with Cabinet member and Cabinet member for finance.
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	are responsible, in consultation with the appropriate Cabinet member, provided: - it generates no more than £50,000 in a full year. Above this level and up to £250,000 Cabinet and above £250,000 Council approval is required; - the average increase in yield or price for the service is at or below the rate of inflation set within the annual Budget Guidelines; and - the Chief Executive is consulted in advance of any change being agreed. e) development of policies and strategies	-Restrictions on fees and charges setting under delegation are; • Cabinet can only approve fees and charges increases for a service area when two increases have already been made during a financial year, or • when the increase in a service area generates an additional £1m in a full financial year. • All fees and charges setting can be a key or executive decision and should be reported appropriately e) development of policies and strategies and undertaking consultation with statutory officers regarding implications arising
Specific delegations – S151 officer	specific delegations - S151 officer starts at 3.4.2.25 Section 151 Officer 3.4.2.26 Management of all the Council's financial resources, including ledger and	specific delegations – S151 officer 26 Management of all the Council's financial resources, including ledger and treasury management (including Banking).

	treasury management (including Banking). 3.4.2.27 Payments to suppliers and debt management. 3.4.2.28 Management of the budget setting and monitoring arrangements. 3.4.2.29 Administration of the staff scheme for car leasing and car loans. 3.4.2.30 Develop and manage the policy and procedures for budget making and monitoring of budgets. 3.4.2.31 Approve the carry forward of financial resources into the revenue estimates for the following year subject to carry forward criteria. 3.4.2.32 Approval of transfers between the estimates of one Director to another. 3.4.2.33 Approval of transfers within one Director's estimates, subject to virement criteria. 3.4.2.34 Approve increases in revenue expenditure over the approved estimate, subject to any supplementary estimate criteria relevant Cabinet member, and the Cabinet Member responsible for Finance. 3.4.2.35 Settle all debt write offs with an annual statement of write off to the Cabinet Member responsible for Finance.	27 Organise Payments to suppliers, and debt management, procurement and insurance arrangements . 28 Management of the budget setting and monitoring arrangements. 29 Administration of the staff scheme for car leasing and car loans. 30 Develop and manage the policy and procedures for budget making and monitoring of budgets. 31 Approve the carry forward of financial resources into the revenue estimates for the following year subject to carry forward criteria transfer between budgets within the delegations included in financial rules. Review and be consultee (before approval can be given) to Supplementary estimates. 32. Determine and approve the resources applied at the end of the financial year to fund capital expenditure within the approved borrowing limits and after consultation with Cabinet Member responsible for Finance. All of transfers between the estimates of one Director to another. 33. Approve items being added to capital and revenue estimates where funding is being passing through the Council accounts to third parties. This could include s106 funds or government grants. Approval of transfers within one Directors estimates, subject to virement criteria. 34 Approve increases in revenue expenditure over the approved estimate, subject to any supplementary estimate criteria relevant Cabinet member,
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Director of Connected Chelmsford	Currently includes procurement, insurance and risk management	and the Cabinet Member responsible for Finance. 35. Delegation to settle all debt write offs with an annual statement of write off to the Cabinet Member responsible for Finance up to £100,000 cumulative for the year. Amounts over £100,000 to be agreed with Cabinet Member responsible for Finance delete reference to procurement insurance and risk management (have been moved to S151/Audit).
Director of Public Places	3.4.5.53 Prior consultation with the Cabinet Members responsible for Finance and for Parks in respect of proposals for fees and charges associated with major events, including the annual music festival in Hylands Park. 3.4.5.56 Prior consultation with the Leader of the Council on the service of notice to quit on a tenant of land in the Council's ownership and thereafter take any appropriate action to recover possession of that land if early possession is not required.	Suggest delete 3.4.5.53 & 56

Director of Sustainable Communities	Restrictions on the exercise of functions 3.4.7.20 Prior consultation with the appropriate Cabinet member in respect of: b) approving the discharge of expenditure from the Infrastructure Fund towards the costs of necessary infrastructure after consultation with the Cabinet Members responsible for Planning and Economic Development and Finance and the Leader of the Council in the case of expenditure in excess of £100,000. 3.4.7.22 Referral to the Cabinet of approval for any new or amended Council policies that support the implementation of the Community Infrastructure Levy (CIL) or their withdrawal.	Suggest that 3.4.7.20 (b) should read "Approving the transfer for development contributions to third parties in line with contractual agreements". Suggest amend 3.4.7.22 to read Referral to the Cabinet of approval for any new or amended Council policies that support the implementation of the Community Infrastructure Levy (CIL) or their withdrawal, including amendments to CIL requirements on specific sites
Public Health and Protection Services – Disabled Facilities Grant limit h) Update Cabinet Terms of Reference	Current delegation limit is £30K 1. To propose the Council's annual budget.	Suggest increase to £60K 1. To propose the Council's annual budget.

	2. To oversee expenditure within budget heads, and to agree: a) items which are specifically included in revenue and capital budgets; b) items of virement up to £1,000,000 (outside of delegations to the Director of Financial Services); and c) requests for supplementary estimates up to £1,000,000 (outside of delegations to the Director of Financial Services) where adequate uncommitted revenue working balances and uncommitted capital resources exist to fund them.⁶ Exception: Requests for major supplementary estimates and major virements shall require the approval of the Full Council. 3. To ensure consultation with the public, the Overview and Scrutiny Committee and other members of the Council on policies and strategies. 4. Taking into account the views of Member Bodies, to recommend to the Council the adoption, amendment of or departures from	2. To oversee expenditure within budget heads, and to agree: a) items which are specifically included in revenue and capital budgets; b) To agree additional urgent expenditure beyond the heads and limits approved by the Council, provided that such expenditure can be offset by additional income, savings or the use of reserves. c) items of virement up to £1,000,000 (outside of delegations to the Director of Financial Services); and d) requests for supplementary estimates up to £1,000,000 (outside of delegations to the Director of Financial Services) where adequate uncommitted revenue working balances and uncommitted capital resources exist to fund them. e) Agree increases in fees & charges in any one service area that generate more than £1m additional income in a full year. Also approve any charges that have been increased more than 2 times under officer delegations (see XXXX) in a financial year. Exceptions: Requests for major supplementary estimates over £1m that are funded by Council resources. Virements over £1m shall require the approval of the Full Council, where the outcome is change in service provision. 3. To ensure consultation with the public, the Overview and Scrutiny Committee and other members of the Council on policies and strategies. 4. Taking into account the views of Member Bodies, to recommend to the Council the adoption, amendment of or departures from statutory and major non-statutory plans, policies and strategies ("the policy framework") as set out
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	statutory and major non-statutory plans, policies and strategies (“the policy framework”) in the list maintained by the Monitoring Officer. 5. To implement, within approved budgets, agreed plans and the policy framework of the Council. 6. To agree additional urgent expenditure beyond the heads and limits approved by the Council, provided that such expenditure can be offset by additional income or the use of contingency funds or savings within budgetary allocations to functions that are the responsibility of the Cabinet. 7. To review the Constitution of the Council and its officer and member structures and to recommend changes to the Council. 8. Generally to carry out within the policy framework adopted by the Council the major operational functions of the Council, including: a) the provision of recreational, cultural, sporting and entertainment facilities in the City;	in the Appendix to the Budget and Policy Framework at 4.11 in the list maintained by the Monitoring Officer. 5. To implement, within approved budgets, agreed plans and the policy framework of the Council. 6. To agree additional urgent expenditure beyond the heads and limits approved by the Council, provided that such expenditure can be offset by additional income or the use of contingency funds or savings within budgetary allocations to functions that are the responsibility of the Cabinet. 7. To review the Constitution of the Council and its officer and member structures and to recommend changes to the Council . 8. Generally to carry out within the policy framework adopted by the Council the major operational functions of the Council, including: a) the provision of recreational, cultural, sporting and entertainment facilities in the City; b) the provision of services that protect and enhance the social and community life of the City and the health and safety of the public; c) the democratic functions of the Council and its promotional activities; d) the promotion of economic development and employment in the City; e) the promotion of community well-being and community development to prevent social exclusion;
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	b) the provision of services that protect and enhance the social and community life of the City and the health and safety of the public; c) the democratic functions of the Council and its promotional activities; d) the promotion of economic development and employment in the City; e) the promotion of community well-being and community development to prevent social exclusion; f) the promotion of housing initiatives to enable the City's housing needs to be met; g) the implementation and operation and monitoring of policies to facilitate the provision of housing across all tenures; h) the proper and efficient administration of the Council's finances and its auditing procedures; i) the implementation and operation of policies relating to the Council's corporate assets, including human resources and land and property;	f) the promotion of housing initiatives to enable the City's housing needs to be met; g) the implementation and operation and monitoring of policies to facilitate the provision of housing across all tenures; h) the proper and efficient administration of the Council's finances and its auditing procedures; i) the implementation and operation of policies relating to the Council's corporate assets, including human resources and land and property; j) transportation; k) the adoption of non-statutory Supplementary Planning Documents. l) Determine policy for using Cil to fund expenditure .
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	j) transportation; k) the adoption of non-statutory Supplementary Planning Documents.	
3. Other minor changes a) Codifying delegations in relation to assets of community value ACV powers arose from the Localism Act and at the time Cabinet approved an officer delegation to make operational arrangements. This stand-alone delegation is around 10 years old and it is preferable (for ease of reference and transparency) for the delegation arrangements to now be added to the constitution. The arrangements sought reflect how officers currently use the delegation in practice.	Not currently in constitution	Insert into 3.4 in constitution and renumber as necessary. Assets of community value INITIAL DECISIONS That delegated authority be given to the Director of Sustainable Communities to discharge the following functions in accordance with Chapter 3, Part 5 of the Localism Act 2011 and associated secondary legislation: (i) to determine nominations for land/buildings to be added to the Council's Asset of Community Value ('ACV') list; (ii) to determine claims from ACV owners for compensation as a result of listing; (iii) to make all necessary additions, removals and annotations to/from the ACV list; (iv) to manage all statutory notifications in connection with sub-paragraphs (i) to (iii) above; and (v) the management and administration of an ACV decision panel. Membership of the ACV decision panel is the Manager of Legal & Democratic Services, Spatial Planning Services Manager and Corporate Property Manager. REVIEW DECISIONS

b) Community Funding Panel Membership needs to be updated to remove Procurement and Risk Manager post which has been deleted. Note - also need to update contract procedure rules and any other constitutional documents as necessary. and remove decisions concerning strategic CIL to reflect current practice as this is not taken to the panel	Currently includes deleted post and item 3 of TOR provides “to oversee the governance of the Strategic Allocation of CIL and to make recommendations on spend to Cabinet and Council as appropriate”.	That the Director of Public Places has delegated authority to discharge the following functions in accordance with Chapter 3, Part 5 of the Localism Act 2011 and associated secondary legislation: (i) to conduct reviews of the Council’s decisions to include land/buildings in the Council’s ACV list (ii) to conduct reviews of the Council’s decisions in respect of landowners’ claims for compensation and (iii) to put in place all necessary procedures and processes to support these functions. Remove deleted post from membership and paragraph 3 referred namely “to oversee the governance of the Strategic Allocation of CIL and to make recommendations on spend to Cabinet and Council as appropriate”
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c) Chelmer Waterside Panel Proposal to add S151 and Monitoring Officer to membership d) Changes to Council Procedure Rules (i) Time limit for speaking at budget setting council meeting. Currently only the mover of the item has 10 minutes to speak at the start of the agenda item. It is recommended that the main speakers (main opposition group leader, any mover of a budget amendment and the mover exercising a right of reply) has 10 minutes to speak (ii) Scope of motions To clarify existing rules	Not currently included 4.1.13.5 The following times will be applied to the length of the speeches and the Mayor will give an indication when the time has expired: a) the mover of a motion – up to 10 minutes b) seconder and subsequent speakers – up to 5 minutes c) the mover exercising the right of reply – 5 minutes Scope	Add S151 and Monitoring Officer to membership within Terms of Reference Add new rule (d) within 4.1.13.5 as follows:- a) the mover of a motion – up to 10 minutes b) the seconder and subsequent speakers – up to 5 minutes c) the mover exercising the right of reply – 5 minutes d) in relation to the annual budget setting agenda item the main opposition leader, the mover of a budget amendment and the mover of the item exercising their right of reply – 10 minutes delete existing rules in 11.6 and 7 and replace with
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	4.1.11.6 Proposals for debate under Rule 4.1.11 must be about matters for which the Council is directly responsible. 4.1.11.7 A Proposal for Debate shall not be accepted if it relates to a matter already on the agenda for the same meeting	4.1.11.6 The Monitoring Officer must reject a motion if it is: (a) About a matter intended for inclusion on the published agenda for that meeting; (b) About a matter for which the Council has no power to act or affect the desired outcome, other than motions that request the Council make representations to regional or central government or any other public authority; (c) About a matter that is delegated for determination by another Council body or may be determined by an officer acting under delegated powers (eg individual regulatory decisions); (d) Defamatory, frivolous, offensive or insulting to any person or persons; (e) The same or substantially the same as a motion which has been put at a meeting of Council in the past six months; (f) Requires the disclosure of confidential or exempt information; or (g) Requires an act or omission which is either unlawful or incapable of having practical effect. Leave 4.1.11.7 blank
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e) Changes arising from Annual Council 2025 - Cabinet Member responsibilities under 3.3.2.(i) (Note this role encompasses existing Cabinet Deputy Economic Development and Strategic Projects responsibilities and responsibilities from the Deputy Leader relating to land and property)	Currently Cabinet Deputies for Economic Development/Special Projects & Sustainable Transport with Property responsibilities within Deputy Leader responsibilities	Insert new Cabinet Member for Economic Development and Property 1. Managing our relationship with the Business Improvement District and broader city centre management; 2. Providing advice and skills initiatives to new and existing local businesses to encourage economic growth; 3. Promoting local economic development and tourism; 4. Listed buildings and heritage advice, public realm, community infrastructure levy projects and delivery 5. Land and property – the administration, in conjunction with the relevant Cabinet Members, of the Council's land and property, including its public buildings and all commercial and industrial landholdings, and to identify strategic opportunities in relation to the acquisition, disposal and use of land and property. Delete Cabinet Deputy for Economic Development and Strategic Projects Move Cabinet Deputy for Sustainable Transport to Cabinet Member for Economic Development
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f) Update to Cabinet and Committee Rules in relation to attendance list in 4.2.20 to reflect current practice (and as per update to council procedure rules) g) Some checking/updating needed in relation to indexes e.g. constitution working group needs to be added and to pick up any minor corrections e.g. he/she references	Currently requires councillors to sign an attendance list	RECORD OF ATTENDANCE All councillors present for all or part of a meeting must sign their names on the attendance sheet will be noted by the Democratic Services Officer and shall have their attendance recorded in the minutes
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Appendix 2 – Full Council 16/7/25 item 7

PART 4.10 CONTRACT PROCEDURE RULES

Version dated May 2025

Contents

- 4.10.1 Introduction, Scope and Principles
- 4.10.2 Definitions
- 4.10.3 Key Considerations:
 - a) Estimating Contract Value
 - b) Aggregation/ Disaggregation
 - c) Procurement Thresholds
 - i. External Thresholds
 - ii. Internal Thresholds
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- 4.10.4 General Notes – Apply to all Procurement Processes
 - a) eProcurement
 - b) Procurement Documentation & Retention Thereof
 - c) Responsible Procurement
 - d) Terms and Conditions of Contract
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- 4.10.5 Procurement Activity ([please note limits have been updated for the new 2023 Procurement Act](#))
 - a) Contracts up to £25,000
 - b) Contract Value between £25,000 and £50,000
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 - d) Value Engineering & Negotiation
- 4.10.7 Contract Management
 - a) Review, contract Register and Monitoring
 - b) ~~Reg 84, Contracts Finder, OJEU Award Notices~~
 - c) Contract Variations, Modification or Termination
 - d) Extensions

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4.10.1 Introduction, Scope and Principles

These Contract Procedure Rules are made under the Procurement Act 2023 and other legislation such as section 135 of the Local Government Act 1972 and govern the making of contracts for and on behalf of the Council.

The purpose of these Rules is to provide clear guidance on how to purchase and if appropriate award a contract for:

- Goods
- Services
- Works
- Concessions
- Public Sector to Public Sector Trading

Procurement routes the Council can employ in order to reach a contract award are:

- Procurement Card
- Quotation
- Tender
- External/Internal Framework Agreement
- External/Internal DPS (Dynamic Purchasing System) for the avoidance of doubt a DPS let under the Public Contract Regulations 2015 shall continue under the Transitional Provisions of the Procurement Act 2023. They will expire on 27/10/2028 or the expiry date given in the DPS whichever is earlier
- Dynamic Markets
- eAuction

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The Rules are intended to promote good purchasing practice, value for money, public accountability and deter bribery and corruption. They aim to ensure:

- True and fair competition for contracts
- Clear and auditable procedures
- Accountable and compliant process
- Enable ongoing development and maintenance of a central contracts register.
- The Council to use its purchasing power for the benefit of the local economy, environment and community under its jurisdiction.

The provisions contained in these Rules are subject to the statutory requirements ~~of the~~ of the United Kingdom Government. The letting and content of contracts shall conform to all statutory requirements relating to contracts and procurement.

4.10.2 Definitions

Lead Procurement Officer	Procurement Services Officer leading on the procurement process
Council	Chelmsford City Council
Directors	Service Directors are responsible for ensuring that officers within that directorate comply with the Contract Rules, Financial Rules and the Regulations*
Procurement Services Manager	Shall ensure that Council procurement is carried out with due diligence and in the spirit of true, fair and transparent competition, and that the Council meets its all its obligations under the Regulations* <i>Please see Procurement Manual for specific tasks.</i>
Local Government Transparency Code Regulations*	Requirements for local government to publish open data on spend of £500 and above
	<u>The 'EU Procurement Rules' comprising:</u> <u>The European Union (Withdrawal) Act 2018</u> <u>The European Union (Withdrawal Agreement) Act 2020</u> <u>The Procurement Act 2023</u> <u>The Council's Financial Rules</u> <u>Public Services (Social Value) Act 2012</u> <u>EU Exit Regulations 2019</u> <u>Procurement Act 2023</u> <u>The Procurement Regulations 2024 and Cabinet Office Guidance</u> <u>Health Care Services (Provider Selection Regime) Regulations 2023</u> <u>Public Contracts Regulations 2015 (for contracts procured under these regulations)</u> <u>Concessions Regulations 2016 (for contracts procured under these regulations)</u> <u>The Public Services (Social Value) Act 2012</u> <u>National Procurement Policy Statement (NPPS) 2025</u>
Legal Team	The Council's internal legal team OR external <u>solicitors</u> /counsel
Service Managers	Contract management responsibilities, and responsible for all service <u>budget</u> spend to be made in line with these rules
Goods	Supplies or materials
Threshold	The level of spend that dictates the rules or regulations that apply to a procurement
Contract	Any form of contract, agreement for the supply of Goods, Works and/or, Services that the Council enters
Contractor	Any person, partnership, company or any other organisation which provides or offers Goods, Works and/or Services to the Council
Dynamic Purchasing System (DPS)	A long running, completely electronic procurement tool used for commonly available works, services and goods. Qualifying contractors can join at any time and participate in mini competitions for contracts.

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Framework Agreement	An agreement, with one or more contractor, that establishes the standard terms and conditions of supply over a fixed period of time with no pre-set volume information. • Internal – setup by the Council for use by us and other specified public bodies • External – setup by another public body and accessible by the Council
LTR	Light Touch Regime – relates to procurements that are generally of low interest to cross border competition e.g. social, health and education services
The Procurement Manual	This document is a Practice Note for day to day use by Council staff. The manual provides detailed guidance on procurement processes pursuant to the UK Public Procurement Legislation and Regulations and National Procurement Policy Statement 2025Public Contracts Regulations 2015, the Council's internal rules and its responsibilities and duties therein. The Manual should be referred to for all technical aspects of a procurement and further advice can be provided by Procurement Team.
The Procurement Strategy	This document details the aims and objectives of the Council's procurement activities including the social, environmental and economic impact of these activities in line with National Procurement Policy Statement (NPPS) 2025-

4.10.3 Key Considerations

Before commencing any procurement using public money, officers must understand the following:

- 1. The contract value - ~~this~~ dictates which procurement routes can be used.
- 2. Strategic nature and public interest in the procurement - ~~this~~ influences which of the allowable routes is most appropriate.

a. Estimating Contract Value

The value of a contract is the total amount the Council expects to pay (or receive), net of VAT, over the length of the agreement, including any extension period or stated add-ons such as maintenance and support costs.

If the contract is for an uncertain or unfixed term, the value is the amount the Council expects to pay (or receive) over four years. This could be, for example, the monthly value multiplied by 48. If the contract is broken into lots, all lots must be factored into the total.

For Internal Framework Agreements / DPS / Dynamic Markets, the value should be based on the level of anticipated spend from all parties with access.

b. Aggregation/Disaggregation

The Council is required to aggregate need whenever it is possible to do so. Aggregation groups together demand for commonly purchased goods and services to harness greater economies of scale and seek better value for money. Aggregation results in a single contract to manage as opposed to several smaller contracts.

Disaggregation, an offence under the Regulations, is the ~~reverse;~~reverse, dividing up similar requirements into smaller contracts to remain below the relevant procurement threshold.

c. Procurement Thresholds

i. External Thresholds

The Regulations require a full tender process to be undertaken when the value of the contract exceeds a set level. The tender has to be advertised and follow guidelines provided in the Legislation / Regulations. These thresholds are set by the Government and reviewed every two years. There is a threshold for each category of spend.

Category	Threshold (2024-2025. Including VAT)	Example
Works	£5,372,609	Constructions, repairs, maintenance
Goods / supplies	£214,904	Stationery

Services	£214,904	Cleaning
Concessions	£5,372,609	Bailiffs, catering
Light Touch Regime	£663,540	A specific set of rules for certain service contracts falling under specific CPV codes e.g. educational services, vetinary veterinary services and barrister services. <u>These types of contracts are subject to more flexible procurement rules</u>
Land Lease & Property	Neither the procurement rules stated here, or the Procurement Regulations apply to contracts of this type	

ii. Internal Thresholds

Below the Government thresholds the Council has set its own spend limits. The limits reflect the need to comply with government transparency rules, as well as procurement law. These limits provide guidelines for the method of procurement that should be used, and the associated authority needed to undertake it. The table below provides a broad outline with further detail and services should consult with the procurement [team](#) to ensure compliance.

Threshold Contract value over life of agreement	Sub-threshold	Notes	Level of Authority Required
Up to £100,000	£5k and above	The agreement to purchase (contract) and contract period should be recorded on contract register. This enables transparency reporting requirements to be met. <u>No, requirement to undertake 3 quotes or similar</u>	Service Manager
	Up to £25k	Ideally 3 quotes. Evidence held by service	Service Manager
	£25-50K	3 quotations with procurement notified prior to the process being undertaken	Service Manager and notify procurement
	£50-99k	Procurement to run quotes/tender/framework process	Service Manager in consultation with Procurement Manager
£100,000		Procurement team involvement is required	Service Director Senior Officer / Service Manager

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	Tender or framework will be required Route to Market Assessment to be carried out and procurement team will manage the procurement	and Procurement Manager
Spend over £214,904 (including VAT) net cost £ <i>Goods & Services</i>	Falls under the Regulations, a full tender process is required Procurement team involvement is mandatory to ensure compliance with Regulations Route to Market Assessment to be carried out	Director and Procurement Manager
Spend over £200,000	Key Decision. Please contact Legal Services	

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e Strategic / Public Interest Considerations

Regardless of the contract value, Service Managers must consider the likely impact of the procurement on internal and external stakeholders. If the proposed activity is of a contentious nature, (perceived or actual) high risk, or relating to matters that affect public sensitivities, then advice should be taken from Procurement Team.

4.10.4 General Notes – Apply to all Procurement Procedures

a. eProcurement

eProcurement is a requirement under the Regulations; all communication with potential contractors must be in electronic format. eProcurement provides a comprehensive and complete audit trail, enabling the Council to meet its accountability and compliance obligations.

Officers must remain mindful of commercial confidentiality and Data Protection legislation in all dealings with suppliers and external bodies.

b. Procurement Documentation & Retention Thereof

The Procurement Team will work with Services to produce ITTs (Invitations to Tender) and RFPs (Requests for Proposals) for procurements above the Government threshold and of strategic importance.

Statutory rules require a specific set of documents to be published as part of the tender pack.

The Legal Services Team will provide appropriate support and guidance as and when required in conjunction with Procurement Team.

c. Responsible Procurement

The Council is required to consider how a procurement project might improve the economic, social and environmental wellbeing across its area.

These outcomes are fully defined in the Procurement Strategy; please consult the Procurement Team for more information.

Procurements that may result in pollution, waste management issues, high energy use or have any other notable environmental impact should have relevant mitigating requirements built into the specification. Evaluation and scoring schemes should contain criteria that enable Council staff to fully consider and score these elements in each submission.

d. Terms and Conditions of Contract

The Regulations must be adhered to when undertaking a procurement above the legal threshold.

All agreements must be in written English, price must be stated in British currency and subject to the jurisdiction of English Law.

British standards must be used where they are applicable to the subject of a contract.

Where the Procurement Team has undertaken a process on behalf of a Service Manager, the Lead Procurement Officer will take responsibility for instructing the Legal Team to prepare or approve the terms and conditions of a contract if required. This applies whether the contract: was created by the Council; is based on the supplier's terms and conditions; or forms the basis of a call off agreement [from a Framework Agreement](#).

e. In-house Services

Where the Council has an in-house service, external companies must not be used for these services unless the Service Manager responsible for the in-house service confirms specifically that they are unable to meet the requirements on that occasion.

f. Public to Public Trading

If the Service Manager is considering entering into a contract with another public body, early advice must be sought from the Procurement Team. It should not be assumed that arrangements entered between the Council and other public bodies are outside the scope of the Regulations.

g. Contract Award / Value for Money

The Council operates under the 'Duty of Best Value' which requires overall value, including economic, environmental and social value, to be considered when reviewing any service provision.

Social Value is a statutory duty of the Council for services over the Government threshold, however, these principles should be applied to all the Council's procurement activity. Social value

considerations should be built in at the pre-procurement stage; consulting with local third sector representatives as and when deemed appropriate.

The Regulations require the Council to award contracts to the most advantageous tender (MAT), and the MAT is the tender that both satisfies the contracting authority's requirements and is the best tender in respect of the award criteria. The award public contracts on the basis of MAT means it is not the 'cheapest wins' but looks at cost alongside qualitative, environmental and social criteria. The balance of award criteria will be considered, on a procurement by procurement basis.

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Due Diligence checks are undertaken to review performance, reputation and financial stability of prospective suppliers, and can be part of the award criteria or used as a pass/fail criterion.

4.10.5 Procurement Activity

a. Contracts up to £25,000

The Service Manager is responsible for these procurements but may access Procurement Team support as required. Quotations, frameworks and DPS are all possible procurement options.

If the procurement is strategic in nature, high risk, impacts on other services or has wider implications across the Council and/or the provision of its services, apply the guidance under section c.

All procurement agreements with suppliers over £5k should be recorded on the Council's ~~C~~ontract ~~R~~egister. This will enable the council to comply transparency reporting. Advice on the use of contracts register can be obtained from the Procurement team.

b. Contract Value of between £25,000 - £50,000

If the procurement is for non-critical, non-strategic goods, services or works the minimum requirement is for three quotations known as Request For Quotations (RFQs)

Frameworks, DPS can be used.

If the procurement is strategic in nature, high risk, impacts on other services or has wider implications across the Council and/or its service provision, apply the guidance under section C below.

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c. Contract Value above £50,000 - £100,000 (and any strategic procurement)

Prior to undertaking any type of procurement exercise, the service must engage with the Procurement Team to seek advice on the best and most appropriate process to meet the identified need. This will result in a Route to Market Assessment being prepared.

For strategic level contracts a Business Case may also be required. This could involve all, or some, of the following actions/plans:

1. Needs assessment
2. Route to market assessment
3. Plan for stakeholder engagement
4. Market assessment
5. Risk assessment
6. Financial implications assessment
7. Social value assessment
8. Environmental and Ecological Impact assessment

The Business Case must be signed off by the Service Manager and Procurement Services Manager

The Procurement Manual provides detailed guidance regarding these topics as well as proforma documents.

Framework and DPS options will be investigated as part of the Route to Market Assessment.

d. Contracts Above £100,000

Procurement Team involvement is required.

Tender or framework will be required; and

Route to Market Assessment to be carried out and procurement team will manage the procurement

e. Contract Value above Government Threshold

A full tender process is required. This process must only be undertaken with the full involvement of the Procurement Team.

Please be aware that a full process takes around 12 weeks to complete. Please ensure you advise the Procurement Team of your plans in a timely manner to enable a schedule to be put in place.

Framework and DPS options will be investigated as part of the Route to Market Assessment which will require approval by the Procurement Services Manager and Management Team.

f. Executive Decision / Key Decision

An Executive Decision is taken by the Leader, the Cabinet or delegated to a committee of the Cabinet, a Cabinet member or an officer, and is publicly notifiable 28 days prior to being taken. A key decision has expenditure of above £200k or 20% or more of relevant expenditure. Full details see Part 2 Articles of the Constitution. Please refer to the Council's Monitoring Officer for how this may impact on your procurement.

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g. Contract Signing [\(New Section\)](#)

Contract Type	Amount	Who can sign the contract?	Legal Involvement	Notes
Framework call-off contract	Up to 500K	Service Manager	Procurement determines if legal involvement required based on complexity	
	£500k+	Director	Procurement determines if legal involvement required	
	Contracts over 3 years but only if also in excess of £1m	Chief Exec	Legal involved	
CCC Standard Service and Minor Works Contract	Up to 200K	Service Manager	Procurement determines if legal involvement required	
	£200k+-	N/A	N/A	N/A Wouldn't be used with this level of spend.
	Contracts over 3 years but only if also in excess of £1m	N/A	N/A	N/A Wouldn't be used with this level of spend.
Supplier Terms and Conditions	Up to 200K	Service Manager	Procurement determines if legal involvement required	Note very unlikely to be used with over threshold spend. Higher risk contracts.
	£200k+	Director	Procurement manager consult with legal	Note very unlikely to be used with over threshold spend.
	Contracts over 3 years but only if also in excess of £1m	Chief Executive	Legal involved	Note Very Unlikely to be used with this level of spend.
JCT/NEC/ Other Building Contract	Up to 500K	Service Manager	Legal involved	Building Services Complete + Service manager to Sign Contract
	£500k+-up-to £1m	Director	Legal involved	Building Services Complete, Checked by Legal, Signed by Director
	Contracts over 3 years but only if also in excess of £1m	Chief Exec	Legal involved	Building Services Complete, Checked by Legal, Signed by Chief Exec
Other CCC Contract	Up to 500K	Service Manager	Legal involved	
	£500k+	Director	Legal involved	

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Terms e.g., internal framework, bespoke contract	Contracts over 3 years but only if also in excess of £1m	Chief Exec	Legal involved	
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New Section Circumstance for use of contract under seal procedures

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All Works contracts from 1 million and above shall be sealed.

All those sensitive service contracts which may have a long term effect will be sealed for a longer period of limitation. Service Manager in consultation with Procurement and Legal Services will determine this.

All sensitive public health contracts valuing from £500k and above will be sealed. Such sensitivity to be determined by the relevant Service Manager in consultation with Procurement and Legal Services.

4.10.6 Frameworks, DPS, eAuctions

a. External Agreements

The Council is eligible to use a wide range of Frameworks DPS (remaining under PCR 2015) and Dynamic Markets created by other public sector bodies. The Procurement Lead must ensure that the Council is lawfully able to use the Framework or DPS; the Procurement Team can provide advice and assistance on use. They must also establish that there is a clear benefit to the Council of using a Framework, PS or Dynamic Market over other procurement options.

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For procurements exceeding £100k or those of a particularly strategic nature, a Route to Market Assessment must be undertaken.

The Framework, DPS or Dynamic Market rules must be adhered to at all times.

Where the use of a Framework/DPS/Dynamic Market is subject to signing an Access Agreement, this document should be authorised by the Procurement Services Manager.

The Procurement Team must be advised of any contracts entered into via an external agreement, regardless of value.

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b. Internal Agreements

The Council can create its own Framework, DPS or eAuction, using its eProcurement software where it is in the Council's best interests to do so.

Use of the Framework/DPS will be mandatory across the Council for all goods, services and works that have been included in the scope of the arrangements.

Should the supply be of a significantly higher than normal value, the Procurement Manager should be consulted to establish if new rates should be sought, or an alternative procurement method used.

Internal Agreements can only be created with the agreement of the Procurement Manager.

c. Compliance Register

A compliance register entry can be used in some specific circumstances to waive the requirements of the Contract Procedure Rules. Full details of the specific circumstances are set out in the Procurement Manual. The compliance register waiver cannot be used for Procurements above the [EU legal thresholds](#).

d. Value Engineering & Negotiation

The ~~Procurement Act 2023~~~~Public Contract Regulations 2015 (PCRs)~~ allow, in some circumstances, a tender process to be switched to a negotiated procedure. Please see the Procurement Manual for detail of a negotiated procedure. This can only be used where the nature of the original competition is not substantially altered and does not artificially restrict competition.

e- Basis of Procurement Involvement

- The Council’s Procurement Department has an obligation to ensure compliance with the applicable legislation.
- Procurement is responsible for ensuring that all public contracts are awarded after following the required procedures as required by the applicable legislation including, but not limited to the Procurement Act 2023, Procurement Regulations 2024 and the Council’s Contract Procedure Rules.
- In view of the above Officers and Service Managers should always consult and seek advice from Procurement when considering entering into any contract arrangements with outside suppliers / contractors.

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4.10.7 General Contract Matters

a. Review, Contract Register and Monitoring

During contract preparation the Service Manager should appoint a Contract Manager (who may be mentioned in the contract itself) to monitor the Supplier's performance.

Further guidance regarding the management of contracts is covered in the Procurement Manual.

Details of the contract shall be stored centrally. To meet transparency requirements services should store contracts on the Council T1 contracts register. The threshold is for contracts/records above £5k. However, it is accepted this should be gradualist development of register, by taking a multi year approach. It will take several years to move from the current practice of only recording key contracts. The increased information of contracts reflects the £5k publication requirements set by the transparency code.

b. ~~Reg 84, Contracts Finder, OJEU Award Notices~~

The Procurement Team will produce and publish information regarding contract award on all platforms required by the Regulations. In addition, the team will provide a post procurement report, if required by the Regulations or, by the service if not required by the regulations, or if high risk procurement.

c. Contract Variation, Modification or Termination

During the term of a contract modifications may be proposed, which, if adopted, would result in additional works, goods or services. There are significant limitations upon the Council's ability to make such modifications, especially when the Regulations apply. There are tolerances allowed within contract variations under [Sections 74 to 77, Schedule 8 and Regulation 40 of the Procurement Act 2023.Reg 72.](#)

Before discussing any variation or modification with the Supplier, the Service Manager must seek advice from the Procurement and Legal Teams.

d. Extensions

If an extension period is clearly stated in the contract, the option is available to extend. Before exercising a contractual right to extend, the Service/Contract Manager must consider whether it is in the best interests of the Council to continue with the contract by examining performance to date

and any changes in cost both under the terms of the contract and also in the wider market.
variations.

Any extension will require the agreement of both parties. Please contact the Procurement Services Manager for further advice.

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Appendix 3 – Full Council 16th July 2025 agenda item 7

PART 4.9

FINANCIAL RULES

Introduction

4.9.1 These Financial Rules aim to provide guidance on what is expected from Elected Members, the Section 151 Officer, Directors, Service Managers and all other members of staff (Officers).

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The Financial Rules form part of our Constitution, which sets out the political and administrative arrangements for the running of the Council.

~~To provide~~For practical support to Officers, there officers can refer to Financial Practice Notes, which are not part of the Constitution. ~~Of course if you and if further advice is -needed further advice, talk~~speak to your Line Manager, Director or get in touch with the Financial Services Manager (Section 151 Officer).

Directors and Members general responsibilities

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4.9.2 Directors/Service Managers are responsible for ensuring all Officers in their service areas are aware of the existence, ~~and content of, and~~ have appropriate training ~~on~~ the Council's Financial Rules and other internal regulatory documents, and that they comply with them.

4.9.3 A Director may delegate any of their powers but still retains overall responsibility for compliance with these Rules, and in accordance with the Officer Scheme of Delegation, which can be found in Part 3.4 of the Constitution.

~~Directors/Service Managers must ensure that all Officers have appropriate training in their Directorate or service area to meet the obligations of Council rules and policies.~~

4.9.4 Members and Officers are expected to conform to these rules. They do not provide a complete list but define the way Members and Officers are expected to operate. They are in place to protect both the Council and its employees. It is important that Members and Officers conform to the spirit of the rules, ~~not only the specific rule.~~

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4.9.5 Members are expected to act in accordance with the requirements of the Constitution and in particular the personal responsibilities placed on them by the Council's Code of Conduct in Part 5.1 of the Constitution. To support Officers further, the Financial Rules are supported by Practice Notes, which are not part of the Constitution. If you need further advice, talk to your Line Manager, Director or get in touch with the Accountancy Services Manager (Section 151).

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4.9.76 ~~A Director may delegate any of their powers but still retains overall responsibility for compliance with these Rules, and in accordance with the Officer Scheme of Delegation, which can be found in Part~~

~~3.4 of the Constitution.~~

Responsibilities of All Officers for general financial competence

4.9.7 Officers' must:

- be aware that in accordance with the Code of Conduct, employees must ensure that they use public funds, and the resources entrusted to them in a responsible manner and that any purchases made should ensure value for money to the local community.
- aAct to the highest standards of integrity, and exercise due care and attention when dealing with all aspects of the Council's finances.

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4.9.8 Where Officers are unclear on any financial matter, they should seek advice from the Accountancy Team.

4.9.9 ~~Conform to the Financial Rules.~~ Any failure to conform to these Rules may be a disciplinary offence. If anyone is aware that these Financial Rules are not being followed, they should inform their manager or Financial Services Accountancy Services Manager (Section 151 Officer).

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4.9.10 Ensure the safety and security of assets and see that they are used in a legal and properly authorised manner. Assets retained by the Council must provide value for money (see Practice Note 1).

4.9.11 ~~Immediately inform the Accountancy Services Manager (S151 Officer) and the Audit and Investigation Manager or follow the whistle blowing procedures to report suspicions of fraud or act of corruption, inform the Procurement & Risk Services Manager and follow the whistleblowing procedures if there are reasons to suspect fraud or corruption (see Practice Note 2 – Fraud and Corruption).~~

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4.9.12 Manage risks to the Council as part of day-to-day service activities.

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4.9.13 ~~Officers when purchasing (ordering goods and services), should ensure:~~

- i) ~~They have complied with and understood the Contract Procedure Rules~~
- ii) ~~Good practice as set in Practice Note 4 is followed~~
- iii) ~~Physical delivery of goods and services has taken place before receipting them on the financial system.~~
- iv) ~~An agreement to rent plant & equipment (lease) is not entered into without consulting with Accountancy Services Manager Section 151 officer.~~

~~v) Agreements to lease property (let out or rent) are not entered into without consulting with the Property Manager.~~

~~Further content on ordering is included later in these Financial Rules.~~

- 4.9.14 Officers should not exceed the responsibilities and authority given to them by their Service Manager (and Director) ~~and should conform to the Financial Rules and Contract Procedure Rules appropriate to those duties.~~

Service Managers

- 4.9.15 The following items (4.9.16 to 4.9.25) are the responsibility of Service Managers, reflecting the delegation of financial management to them by the Council. ~~These financial responsibilities are a key part of their role and failure to meet these could result in disciplinary action.~~

The responsibilities are explained under the following headings:

- 4.9.16 Financial Controls & Authorisation
- 4.9.17 Ordering of Goods and Services. Including Procurement & Payments of Grants
- 4.9.18 Income Collection
- 4.9.19 Budget Management (preparation and monitoring of revenue and capital)
- 4.9.20 Fees and Charges
- 4.9.21 Grant Income
- 4.9.22 Staffing Financial Matters (in the context of financial management)
- 4.9.23 Taxation (including VAT)
- 4.9.24 Risk Management
- 4.9.25 Internal and External Audit obligations

Service Managers should ensure Officers within their Service:

- Are aware of Financial Rules: Ensure all Officers (temporary ~~and~~ permanent) in their service are aware of and understand the Financial Rules ~~needed~~ to ~~which they must conform to~~ carry out their role. This includes complying with “Key Decision” requirements as set out in Article 14 of the Constitution and any Practice Note on the subject.
- Are available to attend Overview and Scrutiny and Audit & Risk Committees meetings when asked to do so.

- 4.9.16 *Financial Controls & Authorisation*

- 4.9.16.1 The Chief Finance officer is responsible for advising on effective

systems of internal control. Advice may also come from the internal and external audit reports. However, it is service managers and Directors responsibility to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets. Ensure that processes and controls are in place to make sure that the Council's resources are properly applied. This includes responsibility for the prevention and detection of fraud and other illegal acts.

4.9.16.2 Controls should ~~Have there is a~~ clear and appropriate delegation of responsibilities and separation of duties in the service to reduce the risk of error and to prevent fraud, corruption, and collusion.

4.9.16.3 Ensure that authorisations within the ERP (i.e., Financial and HR systems) reflect the authority delegated to Officers.

4.9.16.4 Ensure Contract Procedure Rules are followed, and procurement guidance is sought from the Procurement Team.

4.9.17 *Ordering of Goods and Services, including Procurement & Payment of Grants*

4.9.17.1 Officers when purchasing (ordering goods and services), should ensure:

i) They have complied with and understood the Contract Procedure Rules.

ii) Good practice as set in Practice Note 4 is followed

iii) Physical delivery of goods and services has taken place before receipting them on the financial system.

iv) An agreement to rent, lease or hire property, plant & equipment ~~(lease)~~ is not entered into without consulting with Financial Services Manager, Section 151 officer.

v) That rental/lease agreements to occupy or let to tenants are not entered into without consultation with the Council's Property Manager.

vi) Ensure There is an approved budget for all planned expenditure before ordering goods and services. If insufficient budget is available to meet service obligations this should be discussed with the Accountancy Team. (See Appendix 1 to these rules - Virements and Supplementary Estimates).

vi) Foreign currency contracts or transactions must be agreed in advance with the Financial Services Manager (Section 151)

vii) Orders raised for interim, or agency staff have been made following consultation with HR and procurement. This

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consultation may not be needed if the provision is through an approved Council framework/contract.

- 4.9.17.2 ~~The Financial system has appropriate workflow to control ordering of goods and services, but managers must ensure that operational processes outside of the system are robust. For example, ensuring goods/services have been delivered before payment is made.~~
- 4.9.17.3 ~~Ensure that the Contract Procedure Rules are followed, and Procurement team are notified of spend over £25k.~~
- 4.9.17.4 ~~Foreign currency contracts or transactions must be agreed in advance with the Accountancy Services Manager (Section 151) (see Practice Note 7 – Contracts, External Partners and Third Party Working).~~
- 4.9.17.5 Act within the Practice Note 10 for Partnerships, where the Council is the lead authority for the partnership or holds the role of the partnership's treasurer.
- 4.9.17.6 ~~Ensure that there are controls in place to prevent the loss or misuse of land, buildings, plant and equipment used by their Service (see Practice Note 1 – Assets).~~
- 4.9.17.7 Ensure the process for paying grants to the Third Sector (voluntary) organisations and other bodies are compliant with the standards of the Community Funding Scheme.
- 4.9.17.8 ~~Ensure that leases for land, property, plant and/or equipment are not entered into without the authorisation of the Accountancy Services Manager (Section 151 officer).~~
- 4.9.17.9 ~~Ensure that rental/lease agreements to occupy or let to tenants are not entered into without consultation with the Council's Property Manager.~~
- 4.9.18 *Income Collection*
- 4.9.18.1 Ensure Officers collect income and debt promptly and in accordance with the Council's debt management procedures, regularly reconciling it to the main financial system and to banking (see Practice Note 8 - Income collection and Debt Management procedures).
- 4.9.18.2 Arrange collection of income before or at the point of delivering the service wherever possible. This avoids losses due to non-payment.
- 4.9.18.3 ~~Minimise the cost of processing Council income by limiting the use of cash and cheque payments by customers, wherever possible.~~

4.9.19 *Budget Management (Preparation and Monitoring of Revenue and Capital)*

- 4.9.19.1 Prepare revenue and capital estimates using the guidelines approved by Cabinet and provided by the [Financial Accountancy Services Manager \(Section 151 Officer\)](#)(see 6 - Preparation of Estimates).
- 4.9.19.2 Prepare business cases for significant projects and undertake post project reviews in line with Practice Note 9. [Including consulting with financial services before circulation to members.](#)
- 4.9.19.3 Use financial information from the Council's ERP (Financial and HR Systems) and other supplementary sources to monitor and forecast current and future years' service budgets (income and expenditure).
- 4.9.19.4 Submit financial forecasts via the Council's Financial system. These submissions should be made in line with the timetable established by the Section 151 Officer. (See Practice Note 5 - Budgetary Control).
- 4.9.19.5 Identify at the earliest ~~opportunity, and~~[opportunity and](#) provide details to Accountancy Services- of the results of, any service planning that ~~identifies will require~~ additional budget provision [will be required](#).

4.9.20 *Fees and Charges, including setting*

- 4.9.20.1 [Fees and Charges Setting in relation to Executive functions:](#)
~~-Annual Fees and charges setting, in consultation with Cabinet member.~~
~~-Develop and implement new charges during the financial year in consultation with Cabinet member.~~
-
~~-Restrictions on fees and charges setting under delegation are:~~
 - ~~Cabinet can can~~ must approve fees and charges increases for a service area when two increases have already been made during a financial year, and/or
 - ~~Cabinet must approve any changes to fees and charges when the increase in a service area would generate more than an additional £1m in a full financial year.~~

[Fees and charges setting can be a key or executive decision and should be reported appropriately.](#) ~~Fees and Charges amendments within the annual budget process.~~ The ~~budget guidelines approved annually by Council include a standard assumption for the average increase (for financial planning), this is not intended to be the outcome~~

~~increase for any charge. Increases in charges should be determined in the manner below:~~

- ~~i. The proposals for fees and charges will be determined by the Director in consultation with the responsible Cabinet member.~~
- ~~ii. The fees and charges proposals will have determined after making any appropriate comparisons including other local authorities and private sector providers of similar services in the appropriate geographical area. This will include consideration of equalities.~~
- ~~iii. The charges do not have to match the assumed percentage increase in the financial planning.~~
- ~~iv. Annually by the end of October Directors will provide for budget planning draft proposals for increases in fees and charges for their service areas.~~

~~The Budget report made each January will identify separately the increase in total monetary value of fees and charges by service area (a service as set out in the annual budget report), where they generate any increase over £200k compared to the previous year's budget.~~

4.9.20.2

Any fees and charges that arise from non-executive functions e.g. licensing, and which cannot lawfully be set by Cabinet will be dealt with in accordance with the relevant committee or Full Council terms of reference. New Fees and Charges:

~~Chief Executive and Directors, in consultation with the relevant Cabinet Member, can establish any new fees and charges for any service (as set out in the annual budget report) for which they are responsible, provided it is expected to generate no more than £200,000 in a full year; and where the annual income generated by the new charge is estimated to above £200,000 then approval will be required from Councillors as follows:~~

- ~~• £200K to £1m – Cabinet~~
- ~~• Over £1m – Full Council~~

4.9.20.3

Amendments to Fees and Charges: ~~Chief Executive and Directors, in consultation with the relevant Cabinet Member, can amend fees and charges for which they responsible, provided that any service area (as set out in the annual budget report) amendments generate no more than £200,000 in a full year. Changes to Fees and Charges that would be above £50,000 in a full year, require approval as follows:~~

- ~~• £200K to £1m – Cabinet~~
- ~~• Over £1m – Full Council~~

4.9.21 *Grant Income*

- 4.9.21.1 Bids for grant income should be undertaken in consultation with Accountancy Services.
- 4.9.21.2 Ensure all expenditure is in line with grant conditions.
- 4.9.21.3 Maintain and retain requisite documentation to evidence that the grant has been properly managed in line with grant conditions.

4.9.22 *Staffing (Financial matters)*

- 4.9.22.1 [Accountancy will maintain a budget for each individual post \(the establishment\).](#)
[Accountancy should be provided with updates to the establishment as and when changes occur. This ~~may~~will form part of the financial monitoring processes.](#)
[Services should complete appropriate HR documentation to support maintenance of the establishment list. ~~Provide the HR Services Manager with an establishment list for all Officers in their service, including contracted hours, and inform them of anything that affects the payment of salaries or other payments as soon as possible.~~](#)
- 4.9.22.2 Ensure that the formal agreement of the Human Resources and Accountancy departments has been obtained before implementing a change to the establishment (this includes grades, hours, or number of posts).
- 4.9.22.3 Obtain agreement from HR and Procurement prior to engaging consultants or interims due to the potential significant tax implications for the Council. [Also, ensure such recruitment follows procurement rules are followed \(see contract procedure rules\)](#)

4.9.23 *VAT and Taxation*

- 4.9.23.1 Ensure all financial activities are conducted in accordance with taxation requirements and all requisite supporting records are maintained and retained.
- Seek advice on:
- VAT from Accountancy Services
 - Construction Industry Tax from Accountancy Services
 - Income Tax (employer taxation) from HR Services Manager

4.9.24 *Risk Management*

- 4.9.24.1 Act in accordance with the Risk Management Strategy and supporting guidance.
- 4.9.24.2 Notify the [Procurement & Risk Services Manager](#) of all insurance risks and potential claims as soon as known, providing necessary documentation in a timely manner (see Practice Note 6 - Insurance and Risk Management).

4.9.25 *Matters arising from Audits*

- 4.9.25.1 Co-operate with Internal and External Audit reviews and queries, including allowing Internal Audit and External Audit to have full, free and unrestricted access to ~~and~~ explanations of all functions, records, property and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- 4.9.25.2 Implement mitigating actions in a timely manner when risks are identified by Internal and External Audit (or other sources), either through audit recommendations, or alternative actions agreed with Internal/External Audit.

Responsibilities of the HR Services Manager

- 4.9.26 Make payments through the payroll system to all employees or former employees of the Council.
- 4.9.27 Provide all Officers with a copy of these Financial Rules as part of their recruitment/induction process and ensure that their receipt is acknowledged and documented.
- 4.9.28 Ensure that, in accordance with the [Whistleblowing Policy](#), where allegations of fraud or misconduct relating to financial matters are made, the Whistleblowing Officer or their deputy, the Accountancy Services Manager (Section 151 [Officer](#)) and the [Audit Procurement and Risk](#) Services Manager are informed.

~~Responsibilities of the Procurement and Risk Services Manager~~

- 4.9.29 ~~Oversee the corporate risk management framework, including periodic review of the Risk Management Strategy~~

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- 4.9.30 ~~Prepare Risk Management Reports for Management Team and Audit & Risk Committee.~~
- 4.9.31 ~~Arrange the insurance programme, and review annually, to mitigate identified insurable risks.~~
- 4.9.32 ~~Consult with Accountancy Services Manager (Section 151 Officer) on the financial implications of Insurance matters, including annual review of the insurance reserve.~~
- 4.9.33 ~~Manage insurance claims in coordination with insurers.~~
- 4.9.34 ~~Manage the approval of suppliers and oversight of the Social Value Procurement Policy.~~
- 4.9.35 ~~Provide professional procurement support to all services in line with Contract Procurement Rules.~~
- 4.9.36 ~~Update and maintain the Contract Procurement Rules and deliver training to Officers.~~
- 4.9.37 ~~Investigate any suspected cases of fraud and corruption and inform the Cabinet Member with responsibility for Finance, Audit and Risk Committee Chair and keep the Accountancy Services Manager (Section 151) and Audit Services Manager informed of the findings of the investigation and agree the course of any investigation.~~
- 4.9.38 ~~Maintain the Council's Strategy on Anti-Fraud and Corruption.~~

Responsibilities of the Financial Services~~Accountancy Services~~ Manager (Section 151 Officer)

- 4.9.39 Prepare formal and informal financial monitoring reports ~~for Management Team, Audit & Risk Committee and Cabinet.~~this will include, but is not an exhaustive list, preparation of
 - Outturn reports on Revenue and Capital
 - In year income and expenditure monitoring reports (at least once a year to cabinet)
 - Reports on Treasury management
 - Annual Budget report and multi-year forecast

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- 4.9.40 Prepare guidelines for services to create and bring together the revenue and capital budgets for forthcoming year.
Prepare medium term financial forecast of revenue and capital

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spend.

including approval of fees and charges increases, virements, supplementary estimates and carry forwards for consideration by Full Council.

- 4.9.41 Provide guidelines for the format, content, and upkeep of all financial records and associated documents and maintain our accounting (including purchasing and debtor) systems.
- 4.9.42 Establish and maintain accounting policies and procedures.
- 4.9.43 Ensure there is robust digital ordering process,
- 4.9.44 Arrange all leases for vehicles, plant, and equipment.
- 4.9.45 Appoint and maintain banking and investment services. Recommend and implement treasury management decisions in line with the Council's policy statement and the Capital, Investment and Treasury strategies. Whilst appointing and maintain banking and investment services.
- 4.9.46 Set the procedures for the collection of all money due to the Council by officers, agents or contractors and approve irrecoverable debts to be written off.
- 4.9.47 Manage the External Audit process, prepare the Statement of Accounts and associated documents, in line with legislative requirements. Recommend and implement treasury management decisions in line with the Council's policy statement and the Capital, Investment and Treasury strategies.
- 4.9.48 Review and update the Financial Rules. Manage the External Audit process, prepare the Annual report, Statement of Accounts and associated documents (e.g. Annual Governance Statement), in line with legislative requirements.
- 4.9.50 Review and update the Financial Rules.
- 4.9.51 Other functions to be provided : Initiate disciplinary action if an employee is in breach of the Financial Rules.

Insurance Cover for the Council's activities

- review annually, to mitigate identified insurable risks.
- Work with service to process insurance claims
- Ensure sufficient insurance cover to protect the Council's financial interests

Procurement

- Manage the approval of suppliers and oversight of the

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Social Value Procurement Policy.

- Provide professional procurement support to all services in line with Contract Procurement Rules.
- Update and maintain the Contract Procurement Rules and deliver training to Officers.
- Provide services with system to maintain records of contracts
- Work with services to maintain compliance with rules for procurement and reporting of contracts with suppliers.

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Responsibilities of the Audit Services Manager

- 4.9.52 Submit at least annually, to senior management and Audit & Risk Committee a risk based Internal Audit plan for review and approval, which is reviewed, adjusted and communicated as necessary, in response to changes to Chelmsford City Council's operations, risks, programmes, systems and controls
- 4.9.53 Ensure each engagement of the Internal Audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programmes and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- 4.9.54 Follow up on engagement findings and corrective action, and report periodically to senior management and the Audit & Risk Committee any corrective actions not effectively implemented.
- 4.9.55 Deliver an annual audit opinion and report that can be used by the Council to inform its governance statement. The annual opinion will conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.
- 4.9.56 Undertake work which does not contribute explicitly to the overall audit opinion. This might include certification of grant claims or consulting activities where Internal Audit provide independent and objective advice and guidance to management on risk and control issues within individual systems to improve those systems and

processes where necessary.

Oversee the corporate risk management framework, including periodic review of the Risk Management Strategy

Prepare Risk Management Reports for Management Team and Audit & Risk Committee.

Investigate any suspected cases of fraud and corruption and inform the Cabinet Member with responsibility for Finance, Audit and Risk Committee Chair and keep the Accountancy Services Manager (Section 151 Officer) and Audit Services Manager informed of the findings of the investigation and agree the course of any investigation.

Maintain the Council's Strategy on Anti-Fraud and Corruption.

~~Responsibilities of the Elected Members~~

- 4.9.57 ~~Act in accordance with the requirements of the Constitution and in particular the personal responsibilities placed on them by the Councillor's Code of Conduct in Part 5.1 of the Constitution.~~

APPENDIX 1

Virements and Supplementary Estimates

General Principles

These principles form the basis of the Virement and Supplementary estimate rules:

- i. Annually the Council will approve service budgets.
- ii. The purpose of the rules governing changes to approved budgets is to ensure key decisions are scrutinised effectively.
- iii. Changes to budgets that result from the transfer of functions between Directorates do not need formal approval.
- iv. Changes to budgets that do not impact on the objectives set by Council should where possible be dealt with under delegation. The financial limits on budget changes support this objective.
- v. Journals must not be used to reduce expenditure to match budgets on individual codes, nor should orders made against an inappropriate code, as this distorts the true budget position, does not reflect accurately expenditure and lacks appropriate authorisation.
- vi. When seeking approval for new budgets or changes of use of existing budgets, officers must provide sufficient information to give transparency to members as to the nature of spend but balanced with providing flexibility to amend details to achieve the outcome desired by members.

V1 Virements

- V1.1 A virement is an individual movement between lines in the approved budget and is an essential feature of budgetary control, allowing Directors and Cost Centre managers to maintain their budgets with flexibility to react to the changing patterns of spend or unforeseen cost increases or income reductions.
- V1.2 Virement limits and by whom the authorisation can be given are reviewed annually and are currently set as shown below and apply to capital and revenue:
- i. Up to and including £25,000 - by Directors who must inform Financial Services
 - ii. Over £25,000 and up to £200,000 - by Directors, subject to prior consultation with the Section 151 Officer, the relevant Service Cabinet Member and the Cabinet Member with responsibility for finance
 - iii. Over £200,000 and up to £1,000,000 - by Cabinet report

- iv. In excess of £1,000,000 – by Full Council
- v. Virements to allocate approved centrally held budgets to Services, can be undertaken by the Section 151 Officer.

Specific exceptions to the above rules:

- Director Public places after consultation with the appropriate Cabinet Members, can allocate all or any building maintenance budgets according to priority on an ongoing basis.
- Allocations of central held provisions or budgets e.g. for pay can be allocated (vired) by the Chief Finance officer after consultation with the Cabinet Member responsible for Finance.

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SE1 Supplementary Estimate

SE1.1 A supplementary estimate is a permission to increase or reduce the approved budget to fund additional expenditure. Approval for a supplementary estimate must be sought before the expenditure can be incurred.

SE1.2 Supplementary estimate limits and their authorisation levels are set as shown below and apply to capital and revenue:

- i. Up to and including £200,000 - by Directors, subject to prior consultation with the Section 151 Officer, the relevant Service Cabinet Member and the Cabinet Member with responsibility for ~~finance~~finance.
- ii. Over £200,000 and up to £1,000,000 - by Cabinet report
- iii. Over £1,000,000 - by Full Council

~~iii.~~

Specific exceptions to the above rules

The Chief Finance officer can add to capital and revenue estimates where funding is ~~being~~ passing through the Council accounts to third parties. This could include s106 funds or government grants. Where such passporting requires a contribution of existing budget resource then this too can be undertaken by officer delegation in consultation with appropriate Cabinet members.

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APPENDIX 2

List of Practice Notes

Practice Note 1 – Assets

Practice Note 2 – Fraud and Corruption

Practice Note 3 – Preparation of Budgets

Practice Note 4 – Purchase Ordering, Invoice Payments & Procurement Cards

Practice Note 5 – Budgetary Control

Practice Note 6 – Insurance and Risk Management

Practice Note 7 – Contracts, External Partners and Third party working

Practice Note 8 – Income Collection and Debt Management

Practice Note 9 – Project Appraisal Reviews

Practice Note 10 – Financial Arrangements for Partnerships