

FINANCIAL DELEGATIONS

WNDC's Chief Executive has delegated authority for all expenditure in accordance with budgets allocated and approved by Ministers subject to the limits set out below.

WNDC's Chief Executive has delegated authority to write off losses and make special payments to the levels specified below:

1. *In relation to Administrative expenditure:*

- **Cash losses**, including overpayments of salaries, wages, pensions and allowances - **£1,000** per event
- **Losses of accountable stores** - **£1,000**
- **Constructive losses** - including stores delivered, or services provided which prove not to be needed - **£1,000**
- **Claims waived or abandoned** - including legal claims not pursued - **£2,500**
- **Compensation payments** - including personal injuries or loss or damage to personal property in course of official activities - **£2,500**
- **Special payments** - including ex-gratia payments - **£1,000**

2. *In relation to other expenditure:*

- **Overpayment of grant not recovered** - **£1,000** per event
- **Payment of grant** (other than in accordance with the rules laid down by WNDC) - **£1,000** per event

3. WNDC has delegated authority to incur expenditure on projects (including Information Technology projects) with a project cost up to **£50,000** subject to the exceptions outlined below.

4. WNDC has delegated authority to let contracts up to the value of **£1,000** by single tender action, providing there is no reasonable alternative. The contract should not imply any further commitment to expenditure. WNDC should ensure there is a record of the reasons for selecting the preferred contractor and it should provide a clear audit trail. All other contracts to be let other than by competitive tender require the prior consent of the Department.

GRANTS PAYABLE BY WEST NORTHAMPTONSHIRE UDC

Capital expenditure

1. Proposals for large-scale individual capital projects or acquisitions will normally be considered within WNDC's corporate planning process. Applications for approval by CLG, and if necessary the Treasury, shall be supported by formal notification that the proposed project or purchase has been examined and duly authorised by the Board. Regular reports on the progress of projects shall be submitted to CLG.
2. WNDC shall make available to CLG such information about any projects or expenditure as the Department requires.
3. Within its approved overall resources limit, WNDC shall have delegated authority to spend up to £3m on any individual capital project or acquisition subject to the exceptions outlined below. Beyond that delegated limit, the Department's prior authority must be obtained before expenditure on an individual project or acquisition is incurred or defrayed.

Exceptions to delegated authority

All delegations are subject to the following exceptions where authority is never delegated from the Treasury¹:

- a. items which are novel, contentious or repercussive, even within delegated limits;
- b. items which could exceed the agreed budget and Estimate limits;
- c. contractual commitments to significant spending in future years for which plans have not been set;
- d. items requiring primary legislation (e.g. to write off National Loans Fund debt or Public Dividend Capital); and any item which could set a potentially expensive precedent.

¹ Annex 2.3 of Managing Public Money, paragraph A.2.3.10
http://documents.treasury.gov.uk/mpm/mpm_annex2.3.pdf

WEST NORTHAMPTONSHIRE UDC'S EXPENDITURE ON ADMINISTRATION

1. WNUDC's budget for administration expenditure is agreed as part of the three year Spending Review settlements within the ODPM's overall resource DEL, capital DEL and resource AME budget limits.
2. The prior approval of the ODPM is required if WNUDC wishes to:
 - exceed its budget for administration expenditure;
 - alter the balance between the capital and resource elements of the budget; or
 - vire grant-in-aid or receipts relating to administration to any other programme or vice versa.
3. There are no further restrictions on the expenditure items covered by the administration budget set out in the table below
4. Before seeking resource provision for the administration programme, the ODPM will discuss the proposed expenditure and outputs with WNUDC.
5. Net expenditure on the administration programme is financed by 'grant-in-aid' under Resource Estimates.
6. WNUDC shall set out information on outturn expenditure, forecast expenditure, proposed expenditure and estimated outputs under the subheadings shown in the Table below.
7. WNUDC shall also provide the ODPM with a forecast of its cash drawdown requirements in line with the timetable notified by the ODPM. WNUDC shall also provide any other financial reporting information required by the ODPM. In particular, WNUDC should keep the ODPM informed each month of any changes to the forecast split of annual expenditure of its administration budget between administration capital and administration resource expenditure.
7. In June each year, WNUDC will send to the ODPM an administration end of financial year report in a form agreed by the ODPM and WNUDC (see Annex D).

Administration programme: main expenditure headings

	Sub- heading	Description
A	Staff Costs	<ol style="list-style-type: none"> 1. Salaries, superannuation and national insurance (net of receipts from secondments etc); temporary staff costs, redundancy costs 2. Travel and subsistence, WNUDC car expenses (net of receipts from insurance claims etc; members' expenses; welfare and catering; relocation expenses; and other staff costs
B	Office costs	<ol style="list-style-type: none"> 1. Rents, rates, service charges: repairs and maintenance; lighting and heating; cleaning and other accommodation costs 2. Other office running costs (including postage, telephone, computer running costs, hire, repair and maintenance of equipment)
C	Operational costs	<ol style="list-style-type: none"> 1. Professional fees (audit, legal, external consultancy), outsourcing costs, bank charges and other fees; 2. Recruitment, training and promotion (including publications, publicity, entertainment and conferences) net of receipts from fees, sales of publications, etc
D	Research	Payments to contractors for research and development work to assist WNUDC in carrying out its policy responsibilities
E	Expenditure on fixed assets and on all land and property	Expenditure on fixed assets includes fixtures and fittings, furniture and equipment, office machines, development costs, computer equipment and software and motor cars – and, net of receipts from the replacement, etc, of such items
F	Receipts	<p>Receipts (other than those already offset within subheadings A to E above) to be offset against gross administrative expenditure – including:</p> <p>Receipts from Office subletting Interest on short-term deposits And fees received for services provided under agency agreements with government departments or other public bodies.</p>

END OF YEAR REPORTS

1. WNUDC will produce a detailed end of year report, demonstrating how it has exercised its financial responsibilities in relation to the Administration budget and programme budgets including Capital Grants and expenditure on other Programmes or sub-Programmes.

2. The reporting process is as follows:

March: If appropriate, the ODPM will notify WNUDC of any specific subject areas to be addressed by the reports.

April: The ODPM may meet WNUDC officials to ensure clear understanding on the format of the report.

June: WNUDC shall provide the ODPM with a completed annual report addressing the issues specified below.

July: Subject to the information contained in WNUDC's reports, ODPM officials may contribute to a composite report on programme expenditure for the ODPM's Accounting Officer.

3. The report shall:

- analyse outturn for the previous year - in terms of expenditure (in both cash and resource terms), outputs and value for money arising on each sub-heading of the area concerned - in relation, where appropriate, to the objectives set out in the previous Corporate Planning process, the agreed policy framework established at the beginning of each year;
- include an annex reporting the breakdown of expenditure and output in resource terms, to allow transparency in relation to WNUDC's published accounts;
- discuss the operation of any changes made during the year to WNUDC's systems for the control, monitoring and forecasting of expenditure or proposals for future changes due to problems or opportunities for improving efficiency;
- give details of any regularity or propriety issues which arose during the year;
- identify any implications for the current and future years of events and experience in that year;
- provide budget management details, including analysis of 'grant-in-aid' spend and outturn against original provision, and, if applicable, details of any additional funding and/or virements approved during the year.

4. In addition the report should specifically cover the following:

Administration Report

- summary of corporate and business plan targets and whether achieved
- efficiency achievements including any on staffing and pay
- future efficiency plans
- audit issues
- details of losses and special payments
- information systems development
- research projects

Programme Expenditure Report

- delivery of the Capital grant programme and any sub-programmes within it
- reconciliation of expenditure and outputs with Capital grant allocations and approvals by Ministers.
- Innovation and Good Practice - outputs by theme and any information on new initiatives
- Low demand and losses – including acquisition/demolition

CLAIMING GRANT-IN-AID FROM THE ODPM

This annex sets out the arrangements for WNUDC to claim 'grant-in-aid' from the ODPM.

1. Applications for 'grant-in-aid':
 - should be submitted in a form agreed with the ODPM as being most appropriate for the category of expenditure concerned;
 - should normally be submitted at the times agreed in advance between WNUDC and the ODPM; and
 - shall be signed either by the Chief Executive, Deputy Chief Executive, the Head of Finance or the Financial Accountant of WNUDC or their authorised signatories.

WNDC shall certify that:

- the amounts requested (individually and in total), are needed, in the period covered by the application, for the proper conduct of WNUDC's functions;
 - the application is consistent with the conditions laid down in the Financial Memorandum; and
 - the conditions laid down in the Financial Memorandum have been duly observed in respect of expenditure in the year to date.
2. When calculating the amounts of 'grant-in-aid' needed, WNUDC shall have regard to its total financial position, including any actual or potential balances where 'grant-in-aid' received exceeds grants and payments made. Such balances will be taken into account by the ODPM in settling the amounts of 'grant-in-aid' claimed.
 3. WNUDC shall also provide to the ODPM each month details of its bank balance (according to its accounting records, not its bank statement).

LOSSES AND SPECIAL PAYMENTS

This sets out the arrangements for WNUDC to report any losses or special payments.

1. Reporting arrangements

WNUDC shall provide the ODPM with an annual information return, in May of each year, containing the following information:

For **losses and special payments** (as defined in *Annex A* and *Government Accounting*):

- Details of each loss incurred or special payment made, showing in each case;
- the amount involved;
- a brief description of circumstances; and
- action taken to prevent a recurrence (where appropriate)

2. **Requests for approval to write off losses and/or make special payments in excess of delegated limits**

To **write off losses** in excess of delegated limits (see *Annex A*), the Chief Executive of WNUDC should write to the ODPM for prior approval providing the following information as appropriate:

- the amount of the loss;
- how and when it occurred;
- who was primarily responsible;
- was it caused by negligence;
- is there a suspicion of fraud;
- have the police been informed;
- is criminal prosecution or are civil proceedings proposed;
- what other steps can be taken to recover the loss;
- what steps are necessary to prevent a recurrence; and
- conclusions and recommendations.

For **special payments** above WNUDC's delegated limits (see *Annex A*) the Chief Executive of WNUDC should write to the ODPM for prior approval, addressing the following points:

- nature and value;
- frequency: is this a single payment or likely to be regular;
- what will these achieve for WNUDC; and
- do they represent value for money?

Requests for approval should be made sufficiently in advance to allow time for consideration by the ODPM.

RESOURCE ACCOUNTING AND BUDGETING

Resource Accounting and Budgeting applies throughout the Public Expenditure System. There are two control limits for the expenditure of Government departments; Departmental Expenditure Limit (DEL) and Annually Managed Expenditure (AME). A sub-category of AME expenditure is known as "non-budget". The following principles apply:

- Expenditure within DEL needs to be tightly controlled by departments, and departmental DEL limits may not be exceeded.
- For AME programmes, Treasury recognises the volatility of expenditure so increases to budgets may be agreed with Treasury approval, but do not necessarily have to be matched by decreases elsewhere (but Treasury approval of increases cannot be guaranteed).
- Non-budget items are usually cash items within the amount that Parliament has voted a department, but which are not included in DEL because to do so would mean double counting. An example is grant-in-aid to NDPBs, where the grant-in-aid is non-budget, because the total expenditure of the NDPB is in DEL.

Within DEL and AME there are separate controls over resource and capital expenditure. In DEL, the resource DEL is further sub-divided into resource consumption DEL and resource investment DEL. The separate DEL elements represent:

- **resource consumption DEL** is current expenditure and income;
- **resource investment DEL** is capital grants to the private and voluntary sectors and to public corporations, and transactions in land held as stock;
- **capital DEL**, is capital expenditure by a department and its NDPBs, and capital grants to local authorities.

The ODPM will provide WNUDC with DEL resource consumption and DEL resource investment, DEL capital, and AME non-budget, following spending reviews which cover a three year period. Table 1 sets out how WNUDC's budgets will be divided into the following categories:

Table 1: DEPARTMENTAL EXPENDITURE LIMIT (DEL)

RESOURCE CONSUMPTION	
Staff Costs (A15)	Depreciation (B90)
Payments for goods and services (B35)	Cost of Capital Charge (B99)
Subsidies to the Private Sector (C10)	Take up and revaluation of provisions relating to bad debts on loans (L30). Release of such provisions (L31)
Current grants to Private Sector (D10)	Take up and revaluation of provisions relating to pay and services (L10). Release of such provisions (L11)
Current grants to Local Authorities (M15)	Take up and revaluation of provisions relating to pensions (L15). Release of such provisions (L16)
Income from sales of services (B35)	Take up and revaluation of provisions relating to grants (L20). Release of such provisions (L21)
Income from levies, fines and licences which do not provide a significant service element (B45)	Impairments (B95)
Current grant received from OGDs (B35)	Stock write offs/write downs (F20) - price paid less Net Book Value
Income received directly from the EU (Current grants from abroad - D20, Capital grants from abroad - G50)	Interest payable to or receivable from the private sector) (S10) [eg from bank deposits]
Profit/Loss Sale of Land (X06) - sale price less NBV	Bad debts in connection with pay, procurement, capital (B85).
Profit/Loss on sale of buildings (X11)	
Profit/Loss on sale of other fixed assets (X16)	Bad debts in connection with loans, grants and transfers (B86).

RESOURCE INVESTMENT	
Capital grants to private sector [companies] (G10)	
Capital grants to Private Sector [persons and non profit making bodies] (G20)	Other payments within Central Government (Z10) [eg Coalfields programme payments to & receipts from RDAs]

CAPITAL DEL	
Acquisition of Land (fixed assets)(E05)	Net Book Value, Sale of other fixed assets (E16)
Net Book Value, Sale of Land (fixed assets)(E06)	Capital grants to Local Authorities (N10)
Acquisition of Buildings (E10)	Change in Net Lending to the private sector - Companies (H10)
Net Book Value, Sale of Buildings (E11)	Change in net lending to the private sector – persons and not for profit bodies (H20)
Acquisition of other fixed assets (E15)	Acquisition of land as stocks (Purchases) (F25) – Accounted for at time of purchase (price paid)
Land Remediation (F25)	Sales of land held as stock (Sales) (F25) - negative Capital NBV

NON-BUDGET ITEMS - NEITHER IN DEL NOR AME

Corporation Tax payments (S40)	Grant in Aid

WNUDC may not alter the balance between DEL and AME, or DEL resource consumption, DEL resource investment, and DEL capital, without prior agreement of the ODPM. There are no further restrictions on expenditure under the various categories.

Unforeseen Expenditure

[NOTE: for example, if WNUDC is allocated £100 resource consumption DEL provision by the ODPM and expects to receive £10 of negative DEL resource consumption income, it may plan to spend a total of £110. If income (on an accruals basis) turns out to be only £5, WNUDC will need to reduce its expenditure to £105 to avoid breaching its budget. If WNUDC still spends £110, the ODPM will need to find £5 of savings from elsewhere within its total resource consumption DEL to offset this overspend.]

Regulation Compliance Report

The report should state, in the Accounting Officer's opinion, and in all significant respects, that WNUDC has complied throughout the year with the following:

- (a) relevant principles set out in Government Accounting;
- (b) the Financial Memorandum issued to WNUDC both for its own operations and for the procedures relating to the capital grants to others;
- (c) other financial guidance supplied by the ODPM in the form of guidebooks and letters that he/she has ascertained from enquiry of WNUDC; and
- (d) the Government Internal Audit Manual and the Government Information Systems Audit Manual.

The Accounting Officer should also report on the following, having carried out specifically designed tests or other work:

- (a) occasions when WNUDC made grants, incurred expenditure or sold assets without following appropriate procedures for pre- and post project appraisal, competitive tendering, financial viability assessments and monitoring progress or compliance;
- (b) significant losses (as defined in Government Accounting);
- (c) significant expenditure he/she believes may have been extravagant or wasteful;
- (d) instances of possible fraud, theft or corruption not reported to the WNUDC; and
- (e) occasions when an interest was not declared during a Board meeting, or occasions when, in his/her opinion, proper procedures were not allowed after an interest was declared.

The Accounting Officer is also required to report if he/she finds:

- (a) any occasion when, in his opinion, Board members or senior employees fell short of the high standards of financial integrity expected of those responsible for the management of public assets; or
- (b) any matter of public interest that he/she believes should be brought to our attention; or

- (c) grant-in-aid was received in the year in excess, or in advance, of requirements (i.e. otherwise than as funding of last resort).