

**PROPOSED AMENDMENTS TO THE CONSTITUTION
OF LEICESTERSHIRE COUNTY COUNCIL
SEPTEMBER 2024**

<u>ITEM</u>	<u>PROPOSED AMENDMENT</u>	<u>EXPLANATION</u>
<u>PART 4F – FINANCIAL PROCEDURE RULES</u>		
General (throughout)	Remove reference to the rules and SFI's to (school) 'Governors'.	Not required. Schools follow the School Funding Regulations, covered in SFI 22.
General (throughout)	Replace Chief Finance Officer, with Chief Financial Officer	Minor wording update to ensure consistency.
General (throughout)	Replace 'he/she' with 'they'	Updated wording.
Rule 12 – Implementation and amendment of approved budgets and plans	<p>Amend Rule to make it clear that this Rule relates to the revenue budget. (Rules 7 and 8 relate to the capital programme).</p> <p><u>Implementation and amendment of approved revenue budgets and plans</u></p> <p>(a) When the annual revenue budget has been approved the appropriate chief will be responsible for ensuring expected income is received and budgeted expenditure is not exceeded.</p> <p>(b) The Executive will be responsible for maintaining a control over the total of County Council's revenue expenditure and income.</p> <p>(c) Amendments to the approved annual revenue budget will be subject to the virement arrangements specified in the Standard Financial Instructions. This is unless they are deemed by the Chief Financial Officer to involve a Key Decision, in which case there may be a need for consultation with the Scrutiny Commission, approval by the Executive and possible further approval by the County Council.</p>	Minor updates to wording to clarify this Rule relates to the revenue budget.

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<u>ITEM</u>	<u>PROPOSED AMENDMENT</u>	<u>EXPLANATION</u>
Rule 19 – Redeployment or redundancy	Amend paragraph (b) as set out below: (b) When preparing an Action Plan, the Chief Officer will have due regard to the requirements of the County Council's Organisational Change Policy. Chief Officers shall consult the Chief Financial Officer over Action Plan proposals and where the Action Plan results in additional costs, the Chief Financial Officer must give approval.	Wording updated to require CFO approval where proposals result in additional costs.
Rule 23 – Property Management	Amend paragraph (c) as set out below: (c) The Chief Financial Officer will act as the Corporate landlord for County Council properties. In addition where buildings have joint use, they may also undertake some of the responsibilities of the tenant.	'Corporate' inserted before landlord. Property assets are managed corporately as part of a centralised function of the Council.
Rule 24 - Information and communication technology	Amend wording in paragraphs (a) and (c), as set out below: (a) Replace 'Corporate Information and Technology Strategy' with 'IT & Digital Strategy' (c) Replace 'IT Strategy' with 'IT & Digital Strategy'	Minor updates to wording.
<u>Standard Financial Instructions (SFI's)</u>		
Instruction 7 – Contracts	Amend wording throughout to replace 'private' with 'external' in respect of architects, quantity surveyors, engineers and consultants.	Minor updates to wording.

<p>Instruction 8 – Orders for work, goods and services</p>	<p>Update instruction as set out below:</p> <ul style="list-style-type: none"> (a) Orders for work, goods and services must not be placed unless the expenditure to be incurred is in accordance with the Financial Procedure Rules (Part 4F), the Contract Procedure Rules (Part 4G) and the Council’s Procure to Pay policy as set out by the Chief Financial Officer. (b) The County Council has adopted a ‘No Purchase Order, No Pay’ principle. No commitment should be made without a Purchase Order and contract/ legal agreement being in place, except where exemptions have been agreed by the Chief Financial Officer. (c) Where urgent orders are given informally, they must be confirmed by an official Purchase Order not later than the next working day following the day in which the oral order is given. (d) Orders must be placed using the Council’s Finance System, unless the Chief Financial Officer has agreed to alternative arrangements for specific classes of transaction. Orders must be authorised only by officers designated by the appropriate chief officer who are authorised to approve on their behalf and in line with the Council’s financial scheme of delegation. Before placing an order, Budget Managers must satisfy themselves that this would be proper expenditure and would be within the appropriate approved budget. (e) The Chief Officer of each department will be responsible for ensuring the validity of all orders issued and is in line with departmental plans. (f) Oracle Fusion is the Council’s Finance system for creating purchase orders, generating payments and accounting for related transactions. Only line of business systems, approved by the Chief Financial Officer, should be used to interface purchase orders and payment files to Oracle for the generation of the purchase order and payment. (g) Departments must obtain goods, works or services in a manner and from sources which demonstrate best value for money for the Council and in compliance with the Council’s Contract Procedure Rules. Chief Officers are responsible for obtaining goods, works or services that have been procured under a corporate contract or framework or they must seek exception and approval in advance, to source items from alternative sources. 	<p>Minor updating of wording and links to the Procure to Pay policy.</p> <p>Clarification that Oracle is the core financial system to be used.</p>
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<p>Instruction 9 – Payments of invoices and claims</p>	<p>Update instruction as set out below:</p> <ul style="list-style-type: none"> (a) Invoices should be on suppliers' official forms and must pass invoice validation requirements, as set out in the Council's payment terms. Each invoice must contain a valid official County Council Purchase Order number, unless an exception agreed by the Chief Financial Officer is in place. Suppliers should email their invoices direct to the Finance Service Centre email address, except where alternative arrangements have been agreed by the Chief Financial Officer. (b) The Chief Financial Officer is authorised to make all payments as they become due out of the General County Fund, its subsidiary accounts, and the Pension Fund. The payment validation system within departments should ensure that expenditure has been reviewed and validated by an officer authorised by the Chief Officer. (c) Before approving a Purchase Order or expense claim the approving officer must satisfy themselves that the expenditure is valid, appropriate budget exists and that it is allocated to the correct expenditure head. (d) All claims for the payment of employee travel and expenses must be submitted and approved in Oracle Fusion using the expenses process, unless alternative arrangements have been agreed by the Chief Financial Officer. Claims must be submitted promptly. Claims which are for a period over 3 months old will not be paid unless there are extenuating circumstances. (e) For payments made via other approved payment methods, as set out in the Procure to Pay Policy, the approving officer must satisfy themselves that the expenditure is valid, appropriate budget exists and that it is allocated to the correct expenditure head. (f) The Chief Financial Officer will examine, so far as they consider necessary, invoices and claims passed for payment and will be entitled to receive such information and explanations as required. For this purpose all documents relating to the payment, evidence of payment validation and goods receipt must be placed at their disposal. (g) Where the Chief Financial Officer considers it appropriate, they will call the attention of the chief officer and, if necessary, the Executive to any item which has been passed for payment. They will also report to the Executive on any such item which they consider for any good reason should not be paid. (h) Schools operating under Local Management are subject to specific regulations. These are contained in the LMS Scheme of Delegation. 	<p>Minor updating of wording and updates to link to the Procure to Pay Policy.</p>
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<p>Instruction 11 – stocktaking and consequential action</p>	<p>Amend paragraphs (c) and (d) as set out below:</p> <p>(c) Surpluses or deficiencies revealed during any one stocktaking can be adjusted up to a net book value of £5,000 on the authority of the relevant chief officer or their authorised representative. Above this amount surpluses or deficiencies must be reported to the Chief Financial Officer who can approve write-offs or adjustments. The Chief Financial Officer will have the right to report any write-off or adjustment to the Executive if they consider this appropriate.</p> <p>(d) Surplus or obsolete items of stocks and stores up to a total book value of £5,000 at any one time may be disposed of by a chief officer or their authorised representative. Where the book value is over this figure but the resale value is considered to be below this, the chief officer should arrange for a suitably qualified second person to give a written confirmation of the valuation prior to disposal. Where the estimated resale value is above £5,000, the agreement of the Chief Financial Officer is necessary and, wherever appropriate, disposal will be by competitive quotation or tender. A record should be kept of all details relating to disposals.</p>	<p>Limits raised to £5,000, previously £1,000 to reflect increase in prices and materiality.</p>
<p>Instruction 12 – Inventories and consequential action</p>	<p>Amend paragraphs (a) and (e) as set out below:</p> <p>(a) Items costing over £1,000 should be included on an inventory. Additionally, lower value attractive and portable items should be included, subject to a minimum value of £500. All inventories will be kept in a form approved by the Chief Financial Officer.</p> <p>(e) Surplus or obsolete items of any one commodity up to a total book value at any one time of £5,000 may be disposed of by a chief officer or their authorised representative. Where the book value is over this figure but the resale value is considered to be below this, the chief officer should arrange for a suitably qualified second person to give a written confirmation of the valuation prior to disposal. Where the estimated resale value is above £5,000, the agreement of the Chief Financial Officer is necessary and whenever appropriate disposal will be by competitive quotation or tender. A record should be kept of all details relating to disposals.</p>	<p>Limits raised from £250, and £50 respectively to reflect general increase in prices. Limits raised from £1,000 to £5,000 to reflect general increase in prices and materiality.</p>

Instruction 14 – Write-Offs	<p>Amend paragraphs (b) and (c) as set out below:</p> <p>(b) Amounts up to £20,000 in any one case may be written-off by the Chief Financial Officer with the agreement of the chief officer of the department concerned. In special categories of write-offs, such as library issues, the Chief Financial Officer may authorise chief officers or nominated officers to write-off debts on their behalf.</p> <p>(c) Amounts over £20,000 in any one case may be written off by the Chief Financial Officer after consultation with the Leader or their nominee except that, in the case of debts of organisations in liquidation, receivership or bankruptcy where the Director of Law and Governance advises there is no reasonable prospect of recovering any monies or debts partially recovered by means of an out of court settlement where the Director of Law and Governance advises there is no reasonable prospect of recovering any further monies, these may be written off directly by the Chief Financial Officer.</p>	<p>General update to limits to reflect no changes in the last 20 years, ensuring the larger write-offs continue to be approved by Members. The previous limit was £10,000.</p>
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<p>Instruction 15 – Review of charges</p>	<p>Update Instruction to that below:</p> <ul style="list-style-type: none"> (a) The Chief Officer of each department shall ensure that all charges for County Council services follow corporate charging policies, including that they are reviewed at least annually at the time of the preparation of the budget. Rents should be reviewed at least triennially unless they are subject to any longer review period under the terms of the rental agreement. (b) Chief Officers can decide on the pricing of discretionary services, i.e. traded services in consultation with the Chief Financial Officer and in compliance with corporate charging policies They must seek to cover all costs, including overheads, and where appropriate to make a profit, on all such activity. Where services are supplied within the County Council, any charges should not, as a matter of principle, seek to make a profit. (c) Charges for Statutory Services - where it is proposed to introduce, revise, or discontinue charges for statutory services, these must be subject to legal compliance, and consultation with the Chief Financial Officer before the proposal is progressed. Changes may be approved by the Chief Officer concerned following consultation with the Chief Financial Officer and appropriate Executive Lead Members. (d) Charges below £100 should be paid upfront where possible through payment at point of sale, e.g. card payment, and not via an invoice, unless the Chief Financial Officer has approved an exception. (e) During budget monitoring, where forecast income from fees and charges is more or less than that budgeted by 5% or £20,000, whichever is greater, Chief Officers should work closely with the Chief Financial Officer to determine the best course of action. Further advice is provided in the corporate charging policy. 	<p>Minor updates to wording and links to a new Fees and Charges Policy</p>
<p>Instruction 22 – School and Fair Funding Regulations</p>	<p>Amend the Instruction title to ‘Instruction 22 – Schools Funding Regulations’</p>	<p>Fair funding replaced with the National Funding Formula.</p>

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