



Part F – Appendices

Section F5:- Finance and Contract Procedure Rules

F5H:- Glossary

In Part F:-

Section F1 contains the Member Code of Conduct

Section F2 contains the Member Planning Protocol

Section F3 contains the Officer Code of Conduct

Section F4 contains the Officer/Member Relations Protocol

This Section (F5) contains the Finance and Contract Procedure Rules that govern how the council manages its financial affairs. The Rules are split into the following eight parts:-

- **Part F5A** contains an introduction and overview to the principles of good financial management, the roles and responsibilities of Officers and Members and the various documents and processes that form the council's financial management framework.
- **Part F5B** Financial Management
- **Part F5C** Financial Planning
- **Part F5D** Risk Management and Control of Resources
- **Part F5E** Financial Systems and Procedures
- **Part F5F** Contract Procedure Rules
- **Part F5G** Collaborative Working and ASDVs
- **This Section (F5H)** Glossary

Part F – Appendices



Section F5:- Finance and Contract Procedure Rules

F5H:- Glossary

Appropriation	Amounts transferred between the Revenue account and revenue or capital reserves
Bad debt	A debt owed to the Council where the cash will not be collected and therefore the debt needs to be written off. See also provision for bad debts below.
Balances (Revenue Account)	The accumulated surplus of income over expenditure. Members may agree that Balances be used to reduce future Council Tax precepts although a minimum level, consistent with prudence and best practice will be maintained. Amounts in excess of that required for day-to-day cash management and to finance working capital can be invested to generate interest income to the Authority.
Capital Approval	The capital programme provision as amended by any supplementary estimates or virements.
Capital Expenditure	Expenditure on the purchase, construction or replacement of capital (fixed) assets or expenditure that adds to the life or value of an existing fixed asset.
Capital Programme	The Authority's plan of capital projects and spending over future years. Included in this category are the purchase of land and buildings, the erection of new buildings and works, Highway Improvement schemes and design fees, and the acquisition of vehicles and major items of equipment.
Capital Project / Scheme	These terms mean the same thing and are used interchangeably within these Rules. A project/scheme may be separately identified in the capital programme or be an item within a themed allocation (for example ICT or building maintenance).
Capital Receipts	Income received from the sale of capital assets and available, subject to rules laid down by the Government, to finance new capital expenditure or to repay debt.
Carry Forward	An increase or reduction in a Service's new financial year budget, stemming from either an under or overspend in the previous year. All carry forwards (except for Schools) need the approval of the Cabinet upon the presentation of a business case.



Central Digital Platform (CDP)	The online system referenced in the Procurement Act 2023 enabling: (a) contracting authorities and suppliers to register and receive a unique identifier. (b) contracting authorities to publish notices and other information as required under the Act for covered and below-threshold procurements. (c) suppliers to submit and store certain core organisational information as required by the regulations to participate in a covered procurement. This information will only be available to those contracting authorities that a supplier chooses to share it with. (The CDP replaces the 'Finder A Tender Service').
Commitment	The value of any order or contract placed, prior to payment for goods / services having been made.
Contingencies	Sums set aside as part of the Councils budgets to meet either: (a) the potential costs of activities expected to occur during the year over and above those costs included in Service budgets (pay and price contingency); or (b) items that are difficult to predict in terms of financial impact or timing (contingency for uncertain items).
Contracts types: PCSA NEC, JCT, JCLI, ACE, RIBA & ICE	Pre-Construction Service Agreement – is a contract entered into before a formal building contract to provide specified services prior to the full build. New Engineering Contract – is a series of contracts designed to manage a project from start to finish. The Joint Contracts Tribunal, contracts are a simplified and standardize the legal framework for construction projects. The JCLI is a Standard Form of Agreement and Conditions of Contract for Landscape Maintenance Works. ACE Agreements are industry standard documents for the appointment of consulting and engineering professionals. RIBA Contracts are standard contracts developed by the Royal Institute of British Architects (RIBA) for the procurement and management of construction projects. The ICE Conditions of Contract are a family of standard conditions of contract for civil engineering works,



Council Fund	The Council's main revenue fund to which all revenue receipts are credited, and from which revenue liabilities are discharged. The movement on the fund in the year represents the excess of income over expenditure within the Consolidated Revenue Account. The level of balances held is based on the Council's assessment of the level of risk and uncertainty and the potential call on such reserves. Also known as the General Fund Reserve.
Corporate Leadership Team	The Corporate Leadership Team is the Chief Executive, Deputy Chief Executive, Section 151 Officer, Monitoring Officer and Service Directors,
Debt Write-Off	Realising the cost of debt that is considered to be "bad" (unrecoverable) by writing it off against the revenue account or bad debt provision.
Earmarked Reserves	Reserves that can only be used for a specific use or purpose.
Financial Scheme of Delegation	A table setting out the financial limits within which Officers are authorised to incur expenditure. The table is held and maintained by the Section 151 Officer
Financial Year	The Council's accounting period covers the 12 months from April 1 to March 31.
Forward Plan	The statutory notice given of an intention to take a "Key Decision". See Section C3 of the Constitution.
Internal Control	A procedural system designed to manage risk to an acceptable level whereby different staff Members perform different parts of a task, so that no one person is entirely responsible for processing a transaction from start to finish.



Key Decision	A decision of such significance that additional processes apply. See Section C3 of the Constitution.
Leases	Agreements covering the hire/rental of equipment or buildings, generally for a specified period of time and at a specified rate. There are two types of leases, Operating and Finance
Leases (operating)	A lease where the risks and rewards of ownership remain with the lessor.
Leases (finance)	A lease where most of the risks and rewards associated with ownership are transferred to the lessee (responsibility for maintenance, insurance, etc. will fall to the Council)
Monitoring Officer	The Officer appointed by Council as the Monitoring Officer for the purposes of Section 5 of the Local Government and Housing Act 1989. The Monitoring Officer has statutory duties to report on matters they believe to be illegal or that amount to maladministration and is responsible for matters relating to the conduct of Members and Officers. They are also responsible for the operation of the council's Constitution.
Option Appraisal/Business Case	This is required for all Capital schemes and all significant revenue proposals and takes the form of a Business Case Template. This will be used to assess whether the scheme is affordable, deliverable and in accordance with the corporate plan. Consequences to the Service are considered and evaluated and it will also provide a basis for monitoring and reporting progress. In the case of revenue proposals, it will also take into account the risk and impact on users.
Policy and Expenditure Planning	The Council's annual cycle of planning for the medium and short-term future, aimed at achieving optimal allocation of available resources.
Policy and Expenditure Proposals	Proposals, including new policies, which have resource implications and will be subject to appraisal by Members, the Corporate Management Team and external consultees before inclusion in the annual budget.
Procurement	The process of acquiring goods, services and works which includes the choice of supplier, the specification of goods/ services/works required and the initiation of a purchase order or contract agreement.



Provision	An amount set aside by the Authority for any liabilities of uncertain amount or timing that have been incurred. The main category is estimates of liabilities or losses already incurred but whose exact amount will be determined in the future (e.g. bad debts, obsolete stock). See also Capital Provision and Provision for Doubtful Debt.
Provision for Doubtful Debt	An allocation of funds set aside from Service revenue budgets to cover amounts that may not be recoverable from debtors.
Prudential Borrowing Limits	The maximum amount of borrowing that the Council can enter into at any one point in time during the year. This limit is set by Council prior to the start of the year to which it relates and cannot be breached under any circumstances.
Quotation	An informal priced offer setting out the terms and conditions to supply requested goods or services.
Revenue Account	The Account that sets out the Council's income and expenditure for the year for non-capital spending.
Revenue Expenditure	Spending on the day-to-day running expenses of the Council. It includes expenditure on employees, premises, transport and supplies and services.
Ring Fencing	Certain budgets agreed by the Section 151 Officer are "ring-fenced". This means that under-spends on these budgets will return to balances and overspends will be met centrally. This is to reflect the fact that certain items of expenditure are either demand-led or so significantly influenced by extraneous factors that they are beyond the direct control of managers. Ring-fenced budgets include planning levies, external audit fees and election expenses.
Schemes of Delegation	Schemes of Delegation are the documents that set out, for each Service, any powers that Members of the Corporate Leadership Team have delegated to other Officers. Service Directors are responsible for maintaining up to date and accurate Schemes of Delegation and lodging a copy of the same with the Director of Legal and Governance.
Section 151 Officer	The Officer designated by Council as the Section 151 Officer for the purposes of the Local Government Act 1972. The Section 151 Officer is responsible for the proper administration of the council's financial affairs.

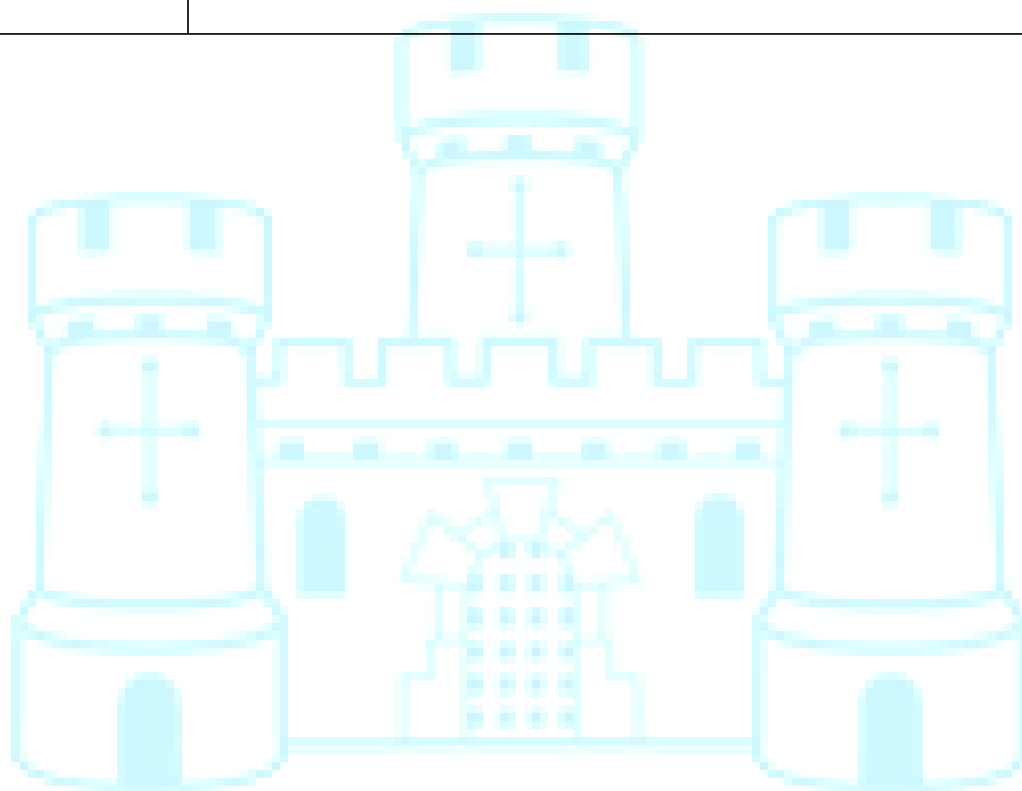


Service Plan/Priority Delivery Plans	A plan which outlines measurable Service aims for the year ahead, encompassing both core purpose and specific key objectives for any given year. The Plan will consider both inputs and outputs.
Starts value	Represents the full value of the Council's contribution to a Capital Scheme irrespective of the timing of the payments.
Supplementary Capital Estimate (SCE)	Additional resources approved by Members with funds either provided by a third-party (e.g. developer contributions, receipts, government grant), by the use of Council reserves or from the Revenue budget
Supplementary Revenue Estimate (SRE)	An approved increase to a Service revenue budget during the financial year, funded centrally from reserves, contingencies or external funding sources such as grants or partner contributions.
Tender	A formal priced offer in response to an invitation to supply goods, services or works against a specification.
Tenderer	Any person or organisation invited to submit a Tender.
Third Party Funds	Funds provided by outside bodies or individuals in support of Council activities, establishments or clients. Can sometimes be known as trust funds.
Threshold	The financial level at which award of contract regimes under prevailing Procurement Act 2023 apply
Underspend	An underspend results when the net costs of a budget holder are lower than the net budget for the year.
"Up to" or "to"	In tables setting out financial thresholds "up to" or "to" means up to and including the amount stated. In the same tables, "<" means more than.
Virement	A Revenue virement is a transfer of amounts from one budget heading to another within, or between, Service Directors of Service. Capital virements cover any changes to Capital budgets funded from within the existing Capital programme.



NEWCASTLE·UNDER·LYME
BOROUGH COUNCIL

--	--



NEWCASTLE
UNDER LYME
BOROUGH COUNCIL