Appendix 2

Spend Control Arrangements – e-mail to all staff 28 November 2022

On Tuesday 22 November, I issued a Section 114 notice as the council is unable to balance its budget for the next financial year (2023/24).

This now means some changes to how we do things and, in particular to how we approve spending. As you know we already have a Spend Control Panel (SCP) in place – their role is more important than ever, and I need your help to make sure that we all follow the correct processes.

Under Section 114 I am legally responsible for ensuring that no <u>new</u> agreements which require spending are entered into <u>unless I personally authorise them</u>.

The legislation states that where a Section 114 notice has been issued, the chief financial officer of a council may only authorise expenditure that:

- **improves the situation**
- **prevents it from getting worse, or**
- **prevents it from recurring**

To do this, I (as the chief financial officer) will be delegating initial checks to the SCP and where related to new tenders or contracts to the Procurement Board, who will make recommendations to me for approval – based on whether requests are in line with the spending criteria set out above. SCP and Procurement Board includes senior representatives from our finance team who will be supporting me through this process.

I am also required by law to set out the grounds for my decision(s) in writing, so please do make sure that you put as much detail as possible into your SCP applications and refer explicitly to the criteria that you think you meet – and give your reasons why.

It is important to stress that any contracts or arrangements entered into outside of these criteria, or without following our approvals process, will be in breach and will be null and void (S115(8)).

Spending criteria

The structure of the SCP will continue in the same way that you are used to, and I will not make changes to that. The same level of value for money tests will be applied, but alongside the extra scrutiny required under the legislation. Here are some <u>examples</u> of acceptable spending criteria, which will be used when reviewing requests.

- expenditure on goods and services which have already been received and properly invoiced for
- expenditure required to deliver the council's statutory services at a minimum possible level
- urgent expenditure to safeguard vulnerable residents
- contractually committed expenditure
- expenditure through ring fenced grants
- expenditure to better the situation
- expenditure on existing staff and payroll costs

I know that we face extra challenges in Social Care, Housing and recruitment. To help with this, expenditure decisions in these areas will follow the processes set out below.

1. **Social Care decisions**. A dedicated and expert care panel is in place who make decisions with regards to placements for both Adult and Children Service Users. For these expenditure decisions SCP will need to see confirmation, where applicable, from the care panel of the proposed decision before this can be considered by them and approved by me.

2. **Housing Revenue Account (HRA) spend**. To be confirmed

3. **Recruitment.** I will prioritise key recruitment requests to established posts within the front line Adult Social Care and Children Social Care services. I will also consider posts in other directorates where budget has already been allocated and the posts meet the S114 criteria. When sending such requests to the SCP, services must ensure that all information requested within the Recruitment Control Form is fully completed to avoid any unnecessary delay, with clear reference as to why it meets the S114 criteria. The SCP will continue to meet to review all other recruitment, as currently, where services must outline how the proposal meets one or more of the statutory criteria set out above, so these decisions can also be agreed by me as soon as possible.

More about the Spend Control Panel

- We will always aim for two panel members to be present when reviewing requests – this will help cut down turnaround time and make sure that requests that meet the criteria are approved as quickly as possible.

- The panel will be reviewing payments that are made outside of the normal 'purchase to pay' process to keep an eye on what we're spending and make sure it is essential spend. They'll be requesting reports on this type of spending (such as ad-hoc payments and payment cards) on a regular basis. More communications will follow to P-card holders to remind them that they must be very careful that all spending complies with the S114 criteria otherwise the spend may be challengeable and any contract or other arrangement treated as null and void.

- The panel will make sure they communicate with you regularly – including sharing examples of expenditure that has been deemed to be non-essential. We will also be communicating with budget managers and reminding everyone of the need to reduce in year-spend and importance of following the spending criteria at all times.

- When challenging spend, the panel may identify other areas where tighter controls or changes to systems and procedures may help our work to reduce in-year spend. If and when that happens, it'll be reported back to me so I can follow up accordingly.

- Ongoing efficiency considerations will be applied to how requests are dealt with at SCP.

Four asks from me

1. When sending requests through, please make sure you attach clear confirmation on existing spend and agreements, as well as the grounds for giving an approval that you think apply.

2. Please make sure you are clear on, and follow the processes set out above. If you have any questions please do get in touch with SCP members or me.

3. If you're not familiar with the panel and their supporting processes, please also take a look at the SCP intranet pages.

4. Spread the word! Please make sure your teams are aware of the spending criteria and the steps that we're putting in place as part of the s114 conditions.

Thank you all,

Jane West (she/her)

Corporate Director of Resources (Section 151 Officer)

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