



To: Executive Councillor for Finance and Resources:  
Councillor George Owers and the Leader

Report by: Head of Legal Services

Relevant scrutiny committee: Strategy & Resources 23/03/2015  
Scrutiny Committee

Wards affected: Abbey Arbury Castle Cherry Hinton Coleridge  
East Chesterton King's Hedges Market Newnham  
Petersfield Queen Edith's Romsey Trumpington  
West Chesterton

**REVIEW OF FINANCE, PROPERTY AND HUMAN RESOURCES  
DELEGATIONS  
Not a Key Decision**

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**1. Executive summary**

This report looks at aspects of delegated powers to officers to make decisions about finance, human resources and property matters. It proposes some changes to finance delegations and to powers to buy and sell some property.

**2. Recommendations**

The Executive Councillor is recommended:

1. To decide whether Civic Affairs and Council should be asked to review virement limits (para 3.2).
2. To approve the proposed changes to the levels at which officers can write off bad debts (para 3.3).
3. To approve the proposed changes to the levels at which officers can waive or reduce charges (para 3.4).

The Leader is recommended:

1. To clarify that the Executive Councillor for Housing has responsibility for decisions on:

"the freehold or leasehold disposal and the terms for disposal, of Right to Buy dwellings sold under the Housing Act 1985, properties in shared equity schemes and other land or property held for housing purposes or for the provision of facilities and amenities for local residents or tenants".

### 3. Background

An intention to review officer delegations was raised by a report to Civic Affairs in June 2014, as part considering whether the Council's scheme of delegation can be improved to provide for more efficient and effective decision-making. This report looks at aspects of Finance, Human Resources and Property delegations.

The report proposes some changes to Finance delegations, primarily around writing off debts. It does not consider changes to finance delegations relating to capital spending. These are in need of review but are being considered as part of a wider piece of work looking at delivery of the capital programme.

Although human resources delegations are considered, no changes are proposed as part of this report.

The report mentions the need to clarify the responsibility of the Executive Councillor for Housing in respect of disposal of housing assets.

### 3. Finance delegations

#### 3.1 *Spending money from revenue budgets*

Directors have the power to incur expenditure on any item for which provision is made in revenue budgets. This power has to be exercised within the context of portfolio plans, Council policies, legal constraints and other decisions made by members. In itself, this is a wide general power that allows officers to operate the services for which they are responsible. There are, however, some specific constraints that should be reviewed.

#### 3.2 *Virement*

Virement is moving money within or between the budgets approved by the Council.

The current scheme works like this:

Virement	Decision-maker
Up to £25,000, within a service	Director

portfolio	
Up to £50,000 within a service portfolio	Executive Councillor
Up to £25,000 between service portfolios	Executive
Up to £50,000 between service portfolios	Full Council
Up to £50,000 between budgets managed by different directors	Executive
More than £50,000 in all cases	Full Council

These limits have not been reviewed since 2002 and they are very low. It would be sensible to increase them to allow flexible management of budgets and to avoid the delay associated with formal member decision-making. Changes to virement levels are a matter for Council, following report to Civic Affairs. If the Executive Councillor and Scrutiny Committee support the proposed changes, a report will be taken to Civic Affairs and Council in a future cycle. Revised limits and authorisation levels proposed are:

Virement	Decision-maker
Up to £100,000 within a service portfolio	Director
Over £100,000 and up to £200,000 within a service portfolio	Executive Councillor
Up to £100,000 between service portfolios	Director or by agreement between directors affected
Over £100,000 and up to £200,000 between service portfolios	Executive Councillor for Finance and Resources
More than £200,000 in all cases	Full Council

Any virements above, say £50,000, approved by directors could be reported in the monthly budget monitoring reports which go to Strategic Leadership Team and then to all Executive Councillors. In practice, these are likely to be rare.

### **3.3 Writing off bad debts**

The current scheme has not been updated for many years and results in low level debts being regularly reported for scrutiny committee and executive councillor approval.

This is the current delegation for writing off bad debts:

HRA debt	Other debts	Decision-maker
Up to £500		Director of Customer and Community Services

£501 to £1,000	Up to £1,000	Head of Finance
£1,001 to £2,000		Head of Finance (in consultation with Executive Councillor for Housing)
	£1,001 to £2,000	Head of Finance (in consultation with Executive Councillor for Finance and Resources)
£2,001 and above		Scrutiny Committee (Housing) and Executive Councillor
	£2,001 and above	Scrutiny Committee (Strategy & Resources) and Executive Councillor

Members are recommended to revise the bad debt delegation as set out below. The proposal includes moving all decision-making on bad debts within the HRA from the Director of Customer and Community Services to the Head of Finance. This is in line with the HRA accountancy function being brought within the Head of Finance's team. The proposal also authorises the Head of Revenues and Benefits to write off debts within her service area up to a limit of £2,500.

Decisions on debts within the Housing Revenue Account are a matter for the Housing Scrutiny Committee and for the Executive Councillor for Housing. A separate report seeking agreement to this aspect of the proposals for writing off bad debts is being taken to the Housing Scrutiny Committee on 10 March.

This is the proposed delegation for writing off bad debts:

HRA debt	Business rates, Council tax and housing benefit.	Other debts	Decision-maker
	Up to £2,500		Head of Revenues and Benefits
Up to £25,000	Over £2,500 to £25,000	Up to £25,000	Head of Finance
Over £25,000			Scrutiny Committee (Housing) and Executive Councillor
	Over £25,000	Over £25,000	Scrutiny Committee and Executive Councillor for Finance and Resources)

To provide visibility of the level of write-offs, officers propose reporting on this as part of the annual outturn report.

Of course, writing off a debt is not necessarily a final act. If circumstances change (e.g. a debtor is traced) it may still be possible to pursue the debt.

### **3.4 *Waiving and reducing charges***

Directors have the power:

“To waive or reduce charges for goods or services provided by the Council up to £100. For sums above that limit the current arrangements for writing off bad debts should apply. The appropriate Executive Councillor and spokesperson/s of the relevant scrutiny committee should be consulted where a significant precedent or departure from existing policies would be involved.”

The limit of £100 is very low. Officers recommend increasing this level to £2,500. The reference to arrangements for writing off bad debts would mean that waiver or reduction of charges for goods and services of up to £25,000 could be approved by the Head of Finance, with waiver or reduction above £25,000 requiring a member decision.

## **4. Property Delegations**

### **4.1 *General management of property***

There is a general delegation to directors to manage the operational land and property within their area of responsibility. This is subject to a requirement to consult the Head of Property on matters affecting property rights and third parties; e.g. granting licences or leases. The requirement to consult the Head of Property does not apply to HRA dwellings or residential shared ownership properties. No changes are proposed to this delegation, which is adequate. It is also supplemented by delegations to manage property related to specific services.

### **4.2 *Delegations to the Head of Property Services***

The Head of Property Services has delegated powers to manage the Council's office, industrial and commercial premises and can grant leases of up to 30 years.

### **4.3 *Sale of property***

Delegations in respect of the sale of property are limited. The Director of Customer and Community Services and the Head of Property Services have

the power to sell land of up to 100 square metres, but this does not include land with buildings. All other sales (other than under the right to buy or for shared ownership properties) have to be approved by the Executive Councillor for Finance and Resources.

In practice, this is not usually a great problem, and the urgency procedure is available when decisions cannot be left until the next meeting.

The review has highlighted one point on which the responsibility of executive councillors needs clarifying. The Executive Councillor for Finance and Resources is responsible for decisions on:

"the freehold or leasehold disposal of land or property and the terms for disposal, except for Right to Buy dwellings sold under the Housing Act 1985, properties in shared equity schemes and other land or property held for housing purposes or for the provision of facilities and amenities for local residents or tenants".

There is no corresponding reference to the responsibility of the Executive Councillor for Housing to make decisions in respect of land or property excluded from the Executive Councillor for Finance and Resources' area of responsibility. This has, on occasion, led to both Executive Councillors are being asked to make decisions on disposal of housing assets.

The Leader has power to determine which Executive Councillor has responsibility for the exercise the functions in case of doubt or in cases for which provision has not been made in the Constitution. The Leader is asked to clarify the terms of reference of the Executive Councillor for Housing to include responsibility for the decisions relating to housing property which are not included within the remit of the Executive Councillor for Finance and Resources.

#### **4.4 Purchase of property**

The Executive Councillor for Finance and Resources has given delegated authority to the Head of Property Services "to acquire commercial property up to £8,515,000 (inclusive of acquisition costs) in consultation with the Executive Councillor for Finance and Resources, the Chair and Opposition Spokesperson for Strategy & Resources Scrutiny Committee and the Head of Finance".

Delegations in respect of the purchase of property are even more limited. There is no delegation to officers to purchase property other than that mentioned above, and no additional delegations are proposed in this report.

A report is being submitted to the Executive Councillor for Housing and to the Housing Scrutiny Committee proposing some changes to the procedure for purchasing properties for the Housing Revenue Account.

## 5. Human Resources Delegations

The Council's scheme of delegation gives extensive delegated power to directors to manage staff. Directors have:

“full delegated powers to manage, in accordance with the Council's policies, procedures and financial targets, and subject to consultation with the Head of Human Resources where appropriate, the department and the staff for the services for which s/he is responsible....”

The only circumstance in which a Director is obliged to consult members is where changes to the management and staffing structures of their department would (a) result in job losses (b) involve changes to the first and second tier of management or (c) would have an effect on service delivery, for the operation of the Department, or implications for other departments. In these cases, the Director must consult the executive councillor, chair and spokesperson/s of the relevant scrutiny committee.

The Head of Human Resources also has wide delegated authority. These include providing human resources and services to the Council, the formulation approval and implementation of employment-related policies, corporate training and pay terms and conditions.

The Head of Human Resources submits an annual pay policy statement for Council approval. This is a statutory requirement.

No changes are proposed to the scope of delegations relating to human resources. However, officers are reviewing custom and practice in consulting members about staffing matters.

## 6. Implications

- (a) **Financial Implications** There are no direct financial implications from the proposals in this report. The report proposes extending the limits at which officers can write-off bad debts. However, there is no reason to believe that this will have financial implications, positive or negative. The proposal to report levels of written off debt as part of the outturn report will ensure visibility. The report also recommends increasing the limits within which officers have power to waive or reduce charges.

- (b) **Staffing Implications** There are no staffing implications.
- (c) **Equality and Poverty Implications**. There are no equality or poverty implications of this report, as it concerns the process of decision-making rather than the substance of decisions. For this reason, a formal equality impact assessment has not been prepared.
- (d) **Environmental Implications**. The proposals in this report have a nil climate change impact.
- (e) **Procurement** There are no procurement implications.
- (f) **Consultation and communication**. Proposals in this report that relate to the HRA are being considered by the Housing Scrutiny Committee and by the Executive Councillor for Housing.
- (g) **Community Safety**. The proposals in this report have no community safety implications.

## 7. Background papers

These background papers were used in the preparation of this report:

The Council's constitution.

Report to Civic Affairs Committee: 25th June 2014 - Efficient Decision-Making and Scheme of Delegation to Officers

[http://democracy.cambridge.gov.uk/documents/s24756/Civic%20Affairs%20Report%20on%20delegations\\_1.pdf](http://democracy.cambridge.gov.uk/documents/s24756/Civic%20Affairs%20Report%20on%20delegations_1.pdf)

## 8. Appendix

None.

## 9. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

Author's Name: Simon Pugh  
Author's Phone Number: 01223 - 457401  
Author's Email: [simon.pugh@cambridge.gov.uk](mailto:simon.pugh@cambridge.gov.uk)