

Report to: Full Authority
Date: 1 October 2024
Subject: BTPA Code of Governance changes
Sponsor: Chief Executive
Author: Chief Financial Officer
For: Decision



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Purpose of paper

1. The purpose of this paper is to request Full Authority approval for changes to the Code of Governance.

Background

1. The Full Authority typically conducts an annual refresh of its Code of Governance in June. During the development of the Principles and Protocol by the Strategic Finance Working Party it became apparent that the Virements wording in the Code of Governance needed updating. In addition, following recent breaches of delegation, it has also become apparent that the delegation wording in the Code of Governance needed clarification. As well as providing clarity, the opportunity has been taken to make changes to the delegations to balance oversight and authority at the right authorising body (i.e. CC, CEO or Full Authority) with ensuring proportionate governance to enable agile working and help maintain the strategic focus of the Full Authority. As the changes proposed do not constitute a full refresh, the full Code of Governance is not included but only the sections that are pertinent with deletions struck through and additions in blue.

Summary of Proposed Changes

2. **Virements (Annex 1):** The current Code of Governance refers to both Virements and Budget Transfers. Using the two terms can lead to confusion and the term Virements is the commonly recognised term. It is proposed the Budget Transfer term is deleted from the Code of Governance. The changes include clarification on where authority lies to approve Virements including thresholds.
3. **Delegations (Annex 2):** Under Capital projects and Procurement Authority, the point each approval threshold is breached has been clarified and an approval process has been established between each threshold to balance oversight, proportionate governance and allow strategic focus of the Full Authority. Example have been shared with the Force to ensure common understanding of the changes.

Recommendation

4. Members are asked to consider and approve the proposed amendments to the BTPA Code of Governance as summarised above.

Annex 1: References to Virements and Budget Transfers in the Code of Governance and proposed changes

Who we are and what we do - Establishment and powers

Paragraph 199 - Medium Term Financial Forecast and Budget

199. Virement thresholds are detailed in the Scheme of Financial Delegations (Annex 4) and the detailed conditions can be found in Annex 1 (Financial Management). Virement will not be possible in respect of expenditure for which specific government funding has been granted. [Where a Virement would mean a change to DfT control budgets \(RDEL, CDEL or AME\) this would need to be submitted to DfT for authorisation and recognised through the Supplementary Estimates. Where a breakdown under the capital budget has been provided to DfT, any change to this breakdown but still remaining within the capital budget should be communicated to DfT first to ensure they are content. Virements between CDEL and RDEL, even if remaining within the control totals, will need to come to the Authority. Income should sit where the income has an appropriate relationship to expenditure and any virement proposal to another expenditure line will need to come to the Authority and potentially DfT.](#)

Paragraph 218 - Scheme of Financial Delegations

218. Generally, projects having been included and authorised in the capital programme or budget, can be finally authorised under delegated authority and it is these that this scheme is primarily concerned with. It is recognised that projects funded by third parties, or from a commutation of revenue to capital, may be authorised in addition to those that were included in the capital scheme, in accordance with the scheme of financial delegation virement thresholds.

Financial Management (reference Annex 1 in Code of Governance)

Virements and Budget Transfers

Virement thresholds are detailed in the Scheme of Financial Delegations (Annex 7). A virement describes moving funds for a different purpose than originally budgeted (virements for government funded expenditure are not possible). ~~A budget transfer describes moving funds for the same purpose, but changing its budget terms. Both~~ [Virements](#) are subject to adhering to [Central Government Guidance](#), Authority policy and aligning with Strategy and Policing Plan's objectives without materially prejudicing the achievement of them.

~~Virements and Budget Transfers: Key Responsibilities~~

Chief Constable - ~~authorise virements/budget transfers~~ authorise virements within thresholds and the amount set out in the Scheme of Financial Delegation that align with policy and do not increase net totals for revenue and capital budgets

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Chief Executive - authorise virements/~~budget transfers~~ within thresholds and the amount set out in the Scheme of Financial Delegation that align with policy and do not increase net totals for revenue and capital budgets

Scheme of Financial Delegations (reference Annex 4 in Code of Governance)

BTPA's Scheme of Delegation

Revenue Expenditure - Revenue spend in the approved Revenue budget

~~Emergency spend or Virement~~ **between budget lines** (defined as where funds will be used for a different purpose than originally budgeted) but still within overall approved Budget spend (~~Budget transfer defined as funds used for same purpose but moved to another cost centre~~)

Chief Executive approve up to £50k

Authority approve over £50k

Virement limits are cumulative for each project (e.g. if a project has a number of increases to costs it is the total of those increases)

BTP's Scheme of delegation

Revenue Expenditure - Revenue spend in the approved Revenue budget

~~Emergency spend or Virement~~ **between budget lines** (defined as where funds will be used for a different purpose than originally budgeted) but still within overall approved Budget spend ~~this does not include Budget Transfers defined as funds used for same purpose but moved in budget terms and reported 4 weekly~~

Chief Constable approve up to ~~£125k~~ **1% of pay from pay to non-pay and 20% / £0.5m variance (whichever is smaller) from non-pay to pay and between non-pay budget lines**

Chief Executive approve up to ~~£250k~~ **2% of pay from pay to non-pay and 40% / £1m variance (whichever is smaller) from non-pay to pay and between non-pay budget lines**

Authority approve over ~~£250k~~ **2% of pay from pay to non-pay and 40% / £1m variance (whichever is smaller) from non-pay to pay and between non-pay budget lines**

Virement limits are cumulative for each project (e.g. if a project has a number of increases to its costs it is the total of those increases). In addition to the delegated virements thresholds a virement is only authorised if its satisfies the following conditions:

- the revenue budget and capital budget net totals are not increased;
- the future commitments falling to the Authority are not increased by more than £100k;
- the transfer does not result in a significant change of policy;
- the Authority Finance Director has been consulted and gives approval.

Annex 2: References to Capital projects and procurement Authority delegations in Annex 4 (Scheme of Financial Delegations) of the Code of Governance and proposed changes

BTP Capital projects – notes

Any capital project that breaches the £500k threshold of the Chief Executive must go to the Chief Executive for approval. This includes where the original capital value is £500k or where one-off or cumulative variations bring the total to over £500k regardless of the value of the variation which ultimately brings the total to over £500k. Once the Chief Executive has approved the capital project over £500k, the Chief Constable is given a small delegation of up to £50k (one-off or cumulative variations) to allow more agile working and prevent small variations coming back to the Chief Executive. Once the £50k threshold is reached, the capital project must come back to the Chief Executive for approval. This is then repeated until the capital value reaches £1m when it must go to the Full Authority for approval.

Any capital projects that breach the £1m threshold of the Full Authority must go to the Full Authority for approval. This includes where the original capital value is £1m or where one-off or cumulative variations bring the total to over £1m regardless of the value of the variation which ultimately brings the total to £1m. Once the Full Authority has approved the capital project over £1m, the Chief Constable is given a small delegation of up to £50k (one-off or cumulative variations) to allow more agile working and prevent small variations coming back to the Full Authority. Once the Chief Constable's £50k threshold is reached, the capital project must come to the Chief Executive for approval who will be given a small delegation of £50k (one-off or cumulative variations). Once the Chief Executive's threshold of £50k is reached, the capital project must go back to the Full Authority for approval. This will balance oversight and authority with ensuring proportionate governance to enable agile working and help maintain the strategic focus of the Full Authority.

BTP Procurement Authority – notes

Any delegation in the Code of Governance is separate to and in addition to any requirements under Procurement law or the T&Cs of the procuring Framework.

~~Where a contract needs to be increased in value by more than 15%, approval is to be sought from the original authorising body, except where the new contract value breaches their level of authority, then it will go to the next level of approval e.g. an increase of value of less than 15% (one-off or cumulative) that breaches the £1m threshold must go to the Chief Exec. It is also important that any changes must be in accordance with the relevant contract clause and the resulting new purchase order cross references the original order.~~

~~Example 1: the original contract where the Most Economically Advantageous Tender/best value for money tender was accepted was £875,000. The applicable thresholds are £1m or £131,250 (15% of £875,000) to go to Chief Executive for approval. First extension is £100,000. This falls into Chief Constable delegation. Second extension is £28,000. While the total of the two extensions is £128,000 and so less than £131,250, the total contract value is now more than £1m and must go to the Chief Executive.~~

~~Example 2: the original contract where the where the Most Economically Advantageous Tender/best value for money tender was accepted was £650,000. The applicable thresholds are £1m or £97,500 (15% of £650,000) to go to Chief Executive for approval. First extension is £30,000. This falls into Chief Constable~~

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~~delegation. Second extension is £70,000. The cumulative value of the two extensions exceeds the applicable threshold of £97,500 (15% of £650,000) and so must go to the Chief Executive.~~

Acceptance of the Most Economically Advantageous Tender/best value for money tender and signing of contracts after competitive tender for revenue and capital contracts

Any contract that breaches the £1m threshold of the Chief Executive must go to the Chief Executive for approval. This includes where the original contract value is £1m or where one-off or cumulative variations bring the total contract value to over £1m regardless of the value of the variation which ultimately brings the total contract value to over £1m. Once the Chief Executive has approved the contract over £1m, the Chief Constable is given a small delegation of up to £100k (one-off or cumulative variations) to allow more agile working and prevent small variations coming back to the Chief Executive. Once the £100k threshold is reached, the contract must come back to the Chief Executive for approval. This is then repeated until the total contract value reaches £2m when it must go to the Full Authority for approval.

Any contract that breaches the £2m threshold of the Full Authority must go to the Full Authority for approval. This includes where the original contract value is £2m or where one-off or cumulative variations bring the total contract value to over £2m regardless of the value of the variation which ultimately brings the total contract value to over £2m. Once the Full Authority has approved the contract over £2m, the Chief Constable is given a small delegation of up to £100k (one-off or cumulative variations) to allow more agile working and prevent small variations coming back to the Full Authority. Once the Chief Constable's £100k threshold is reached, the contract must come to the Chief Executive for approval who will be given a small delegation of £100k (one-off or cumulative variations). Once the Chief Executive's threshold of £100k is reached, the contract must go back to the Full Authority for approval. This will balance oversight and authority with ensuring proportionate governance to enable agile working and help maintain the strategic focus of the Full Authority.