



NATIONAL RIVERS AUTHORITY

FINANCE MANUAL

A. Financial Memorandum

The Financial Memorandum contains the rules on financial, personnel and related matters through which the Department of the Environment administers control over the Authority.

The Memorandum is issued in accordance with sub-paragraph 15(1) of Schedule 1, Part II, Water Act 1989. Compliance is mandatory.



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NATIONAL RIVERS AUTHORITY

FINANCIAL MEMORANDUM

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NATIONAL RIVERS AUTHORITY

FINANCIAL MEMORANDUM

Preamble

1. This Memorandum sets out the framework of controls on financial, staffing and related matters for the National Rivers Authority (the Authority). Its provisions come into force on 1 September 1989.

2. The sponsor Department for the Authority is the Department of the Environment (the Department), which shall have the primary responsibility for administering the controls on the Authority. The Ministry of Agriculture Fisheries and Food (the 'Ministry'), and the Welsh Office have specific policy responsibility for flood defence and fisheries in England and Wales respectively. The Authority shall deal directly with them on policy issues affecting these functions and it is for these Departments to set conditions on the administration of specific grant regimes for which they are responsible. But no instructions relating to Accounting Officer responsibilities shall be issued to the Authority except by the Department.

3. The Authority was established under Section 1 of the Water Act 1989; its main powers and duties are set out in Sections 102-149 and Schedule 1 of the Act.

4. Grant-in-aid to the Authority, on such terms as the Secretary of State with the approval of the Treasury may determine, is provided for in paragraph 17 of Schedule 1 to the Act. Provision for grant-in-aid is made on Class X, Vote 2. The maximum amount of grant-in-aid available in each year will be the amount voted by Parliament in the Main Supply Estimates, subject to any provision in approved Supplementary Estimates.

5. The Authority's expenditure each year is also financed from sources other than grant-in-aid. These other sources include precepts on local authorities, charges, tolls, licence fees and capital grants from the Ministry and Welsh Office. Except where otherwise indicated, the provisions of this Memorandum apply to all sources of income and the full range of the Authority's gross expenditure.

Public Accountability

6. The Department's Accounting Officer is directly and personally accountable for the payment of grant-in-aid to the Authority and for conditions attaching to it. He is also responsible for monitoring compliance with those conditions by the Authority and for taking the steps necessary to satisfy himself that the financial and other controls operated by the Department and the Authority are sufficient to secure regularity, propriety and value for money in relation to the Authority's expenditure. The Accounting Officer may instigate such investigations as he considers necessary to discharge these responsibilities.

7. By analogy with the duties in paragraph 6 above, the Chief Executive of the Authority shall have personal responsibility for securing regularity, propriety and value for money in the Authority's gross expenditure and general use of resources. This includes taking the steps necessary to satisfy himself that the terms of statute and any conditions or guidance laid down by the Department are observed and that systems are in place to secure efficiency, economy and effectiveness in the Authority's gross expenditure. The Accounting Officer of the Department will write to the Chief Executive setting out these duties in more detail. The Chief Executive shall if so requested, appear alongside the Department's Accounting Officer to provide evidence to the Public Accounts Committee in any investigation relating to the Authority.

Financial duties

8. The Authority shall comply with such financial duties as may from time to time be laid down under paragraph 15 of Schedule 1 to the Water Act 1989. The financial duties currently in force are at Schedule 1 to this Memorandum.

Corporate Planning

9. The Authority shall introduce and maintain a system of corporate planning covering all the functions for which it is responsible and all its income and expenditure. The Authority shall submit its corporate plan to the Department by 1 April each year. The plan will:

- a. set out the Authority's aims, objectives and targets and comment on any change to them;
- b. review progress against a previously agreed strategy and against previously set targets;
- c. make proposals for the Authority's income (having regard to likely levels of grant-in-aid) and gross expenditure over the following 3 complete financial years, together with planned outputs.

(Note: only limited review will be possible in the first (1990) plan).

10. The Department will send copies of the plan to the Ministry and the Welsh Office.

11. In drawing up its plan the Authority shall have regard to any guidance that may be issued by the Department. Current guidance from the Department is at Annex A.

Financial Information and Votehead Structure

12. As a basis for Parliamentary vote accounting and monitoring by the Department, the Ministry, and the Welsh Office, the Authority shall set up and maintain systems capable of displaying financial data (both cash and accruals based) for each of the following functions:

- a. Water Resources (including water abstraction and river regulation);
- b. Flood Defence (including sea defence);
- c. Pollution Control (including discharge consents);
- d. Navigation;
- e. Fisheries;
- f. Recreation.

13. The systems shall be such as to enable total administrative costs, including headquarters and central services, and the costs of promotion and publicity and research to be identified, and shall otherwise comply with the structure at Schedule 2.

Public Expenditure

14. The public expenditure classification of the Authority's income is defined and explained in Schedule 3. The Authority's public expenditure in each year shall be the total of its grant-in-aid, any net borrowing (see paragraphs 32 and 33 below) and income classified as revenue, and shall not exceed the level notified by the Department normally in November preceding the financial year in question.

Treatment of Income

15. Income from charges, licence fees, tolls, asset sales, fishing licence duties, European grants and precepts shall be applied only to the function to which it relates.

16. Unless the Department agrees otherwise, grant-in-aid shall be applied only in support of pollution control, navigation, fisheries and recreation. (See also para 23 below.)

17. In preparing Main Estimates for the Department (see paragraph 22 below), the Authority shall make allowance for grant it expects to receive during the next financial year from the European Community. Such grants shall be applied only to the functions to which they relate. In the case of water resources and flood defence, such grants shall be used to offset the cost to abstractors or local authorities either in the year in which they are received (on the basis of previous estimates of the amount involved) or in the next financial year. For other functions grant-in-aid will be reduced by the amount of any European grants.

18. Subject to the provisions below, the Authority may use any in-year income in excess of that estimated at the time of Main Estimates (see paragraph 22 below) to augment its gross expenditure on the relevant function. The exceptions are excess revenue-classified income (see schedule 3) and excess income from asset sales, the use of which will be determined by the Department in consultation with the Treasury.

Cash Accounts, Balances and Carry Forward

19. The Authority shall not draw down grant-in-aid in excess of monthly cash requirements. Cash, in excess of immediate spending need, whether from grant-in-aid or other sources (for example grant-in-aid to be spent later in the month in which it has been drawn down) shall be placed on deposit.

20. Cash surpluses in any year on the water resources function, created by achieving the required rate of return and charging current cost accounting depreciation (see Schedule 1) shall be used to offset the grant-in-aid requirement on all or any of the pollution control, navigation, fisheries or recreation functions.

21. Subject to complying with the financial duties in Schedule 1 and paragraph 20 above, the Authority may carry forward from one financial year to the next such cash amounts as may be surplus in relation to the flood defence and water resource functions. In relation to all other functions, the Authority shall not carry forward cash exceeding 2% of the original grant-in-aid provision for that function (see paragraph 22 below).

Main Estimates

22. The Authority shall prepare and submit to the Department by mid November each year estimates of its cash expenditure on all its functions for the following financial year. These estimates shall relate as fully as possible to the budget presented in the corporate plan submitted by the Authority earlier in the year (see paragraphs 9 - 11 above), taking account of the Authority's public expenditure baseline for the next financial year normally announced at the beginning of November. The estimates shall provide full details of the intended use of grant-in-aid and shall be presented in a format determined by the Department. The current format is at Schedule 4.

Inyear Changes in Estimates/Budget

23. Subject to the financial duties in Schedule 1 the Authority may, without the prior approval of the Department, increase grant-in-aid supported programme expenditure on pollution control, navigation, fisheries or recreation by up to 25% of the original provision in main estimates for the function in question by reducing grant-in-aid supported expenditure on other functions or by utilising any increase in grant-in-aid made available by the Department during the year. Programme expenditure is expenditure other than that included in total administrative costs (see Schedule 9) and promotion and publicity. Increases in total administrative costs will be subject to the provisions of paragraph 52 below and Schedule 9, and will not normally be allowed inyear.

24. The Authority shall notify the Department immediately if it becomes apparent that overspending or underspending of the approved grant-in-aid Estimate (as modified where appropriate by Supplementary Estimates) is likely to occur. The Authority shall under no circumstances commit itself to expenditure inyear beyond the resources at its disposal.

Disposal of Assets

25. The Authority shall maintain and keep up to date a register of all its fixed assets. The Authority shall seek to dispose of surplus assets as soon as reasonably practical, applying the proceeds to the appropriate function as required under paragraph 15 above and Schedule 2.

26. In disposing of land, buildings and structures, the Authority shall seek to secure market value. In these cases, a certificate from an independent valuer that market value has been obtained shall be secured. The prior approval of the Department shall be sought for any disposal at less than market value, whether by way of sale, lease, gift or exchange.

27. In all other cases, the Authority shall seek to secure the best price reasonably obtainable and shall ensure that sales of surplus office equipment and machinery etc are exposed to an appropriate range of bidders, including interests outside the Authority if that is likely to secure best value for money.

28. The Authority shall inform the Department in advance of any disposal with an expected value in excess of £250,000.

Payment of Grant-in-Aid

29. Payments of grant-in-aid will normally be made monthly in advance according to demonstrated need following receipt of a grant claim from the Authority. The claim form to be used is at Schedule 5 to this Memorandum. It shall normally be submitted not less than 14 days before the end of the month immediately prior to that for which grant is being claimed.

30. Grant claims shall be signed by the Authority's Finance Director, or by another person notified by him to the Department as authorised to sign on his behalf and should certify that the conditions applying to the use of grant have been duly observed and that the further amounts requested are essential for purposes appropriate to the Authority's functions.

31. Any grant-in-aid voted by Parliament but not issued by the Department to the Authority by the end of the financial year shall lapse.

Borrowing

32. Exceptionally the Authority may borrow on a temporary basis in year by way of overdraft from its banker or bankers. Such a facility will be supported by a guarantee from the Secretary of State and the prior approval of the Department and the Treasury shall be required each year both for the facility itself and the amount involved. If the Authority requires such a facility it shall submit proposals to the Department by the end of February preceding the financial year to which the facility is to relate. Any proposals shall be accompanied by a cashflow forecast for the year in question justifying the amount of facility sought.

33. Subject to the prior approval of the Ministry (in Wales from the Welsh Office) and the Treasury, the Authority may borrow for longer periods from a Ministry Vote (in Wales from a Welsh Office Vote) to meet unexpected heavy expenditure on flood defences, for which it was impossible to plan, for example following storm damage. Loans from votes will be subject to the necessary Parliamentary approval of the appropriate Main or Supplementary estimate.

Regulation of the Authority's Expenditure and Project Control

(a) Eligible Expenditure

34. Eligible expenditure shall be that incurred by the Authority in exercising its functions, powers and duties under the Water Act 1989 on the terms and conditions set out in this memorandum. If the Authority has any doubts about whether proposed expenditure is eligible, it shall consult the Department who will consult the Ministry and/or Welsh Office in appropriate cases, before any commitment is made.

(b) Non Flood Defence Expenditure

35. The Authority shall obtain the prior approval of the Department before incurring any expenditure on any project with novel, unusual or financially contentious features or which would have significant implications for the future level of resources in relation to any of its accounts.

36. The Authority shall secure the prior approval of the Department before entering into any financial commitment which exceeds the delegations set out in Schedule 6 to this Memorandum.

37. Submissions for Departmental approval should be made by the Chief Executive or an officer nominated by him and notified to the Department. Submissions should contain the information stipulated in Schedule 7 to this Memorandum.

(c) Flood Defence Expenditure

38. Subject to any conditions of capital grant laid down by the Ministry, (in Wales by the Welsh Office) the Authority shall be free to incur expenditure on its flood defence function without reference to the Department.

(d) Competitive Tendering

39. All contracts let by the Authority, whether for works (capital or maintenance - see paragraph 40 below), consultancies, stores or services should be designed to secure value for money and should be let on a competitive basis unless there are good reason to the contrary. The Authority shall establish and maintain internal instructions which ensure that the number of tenders sought for each contract is consistent with best public sector practice.

40. The Authority shall ensure that, as far as is reasonably practicable, its works programme, including both capital and maintenance works, comprises discrete contracts with clear specifications. Subject to paragraph 41 below and to the financial delegations in Schedule 6 the Authority's inhouse workforce shall be required to compete, on an equal basis with private contractors, for all work which should properly be the subject of a discrete works contract under the terms of this paragraph.

41. The Authority shall require the prior approval of the Department for any single tender action above the limits set out in Schedules 6. Each year the Authority shall maintain a record to be made available to the Department on request, of:

- a. all single tender contracts or other single tender action over £500; and contracts where the lowest tender was not accepted; and
- b. all contracts which were let to the inhouse workforce without competition.

42. The Authority shall ensure that it complies with any EC or other International rules which apply to its procurements. Advice on the application of such rules will be provided by the Department as necessary.

43. The Authority shall take all reasonable steps to satisfy itself about the financial standing and technical competence of any contractor, consultant or supplier with whom it wishes to place contracts.

Write-offs, Losses and Special Payments

44. The Authority shall maintain details of and report to the Department in May each year on all losses of cash, equipment and stores, any monetary claims that are abandoned and any special payments or gifts that are made. Losses shall be written off in accordance with the procedures and requirements of Government Accounting. The prior approval of the Department shall be sought for write-offs, special payments and gifts exceeding the delegations set out in Schedule 6 to this Memorandum. Requests for write-offs shall be in the format at Schedule 8.

Financial Practice General

45. The Authority shall maintain effective systems of financial management and shall observe the following conditions:

- a. The Authority shall comply with any recommendation relating to or affecting it made by the Committee of Public Accounts or other Parliamentary authority which has been accepted by the Government;
- b. The Authority shall employ administrative practices applicable to the use of public funds, as set out in the publication 'Government Accounting' and any other guidelines issued from time to time by the Department or Treasury;
- c. The Authority shall not undertake insurance without the approval of the Department other than that unavoidably required as a condition of statute or as a condition of contract;
- d. Other than normal obligations arising from employing staff and usual commercial practice, the Authority shall not provide any guarantees or indemnities, allow charges to be taken on any asset or in any other way offer security, without the prior approval of the Department;
- e. The Authority shall seek to secure the maximum value for money in its banking arrangements and shall keep the Department informed of any changes to these arrangements.

Accounts and Audit

46. The Authority shall maintain such books and records as are proper to the discharge of its responsibilities.

47. The Authority shall maintain effective internal audit arrangements to provide an independent appraisal of its system of internal financial control, to help secure adequate safeguard against fraud or financial irregularity or impropriety and to ensure that it obtains value for money. The Authority's internal audit shall operate in line with the guidance in the Government Internal Audit Manual. The Head of the Authority's internal audit shall have direct access to the Authority's Chief Executive.

48. The Comptroller and Auditor General may inspect the Authority's accounts. He may also carry out examinations into the economy, efficiency and effectiveness with which the Authority has used its resources in discharging its functions. He shall have access to such documents of the Authority as are reasonably required for this purpose, as provided in section 8 of the National Audit Act 1983.

49. The Department's internal auditors shall have access to the books and records of the Authority, including those of its internal auditors. The Authority shall submit to the Department copies of all external audit management letters and of its responses to them. It shall also make available on request copies of its internal audit reports.

50. The Authority shall publish each year accounts drawn up in compliance with the accounts direction issued by the Secretary of State and the Minister; and an Annual Report which shall be shown to the Department in draft prior to its formal submission to Ministers. It shall be in such form and contain such information as may be specified by Ministers. The Authority shall arrange for its publication in such manner as the Secretary of State may determine. Unless the Department agrees otherwise, the Authority shall arrange to finalise the accounts in time for them to be laid before Parliament prior to the summer Recess (normally end July).

51. The Authority's auditors shall be appointed by the Secretary of State following a competition. Subject to satisfactory performance audit appointments shall be renewed annually without competition. However, the appointment shall be formally reviewed at approximately 6 yearly intervals.

Staffing

52. The Authority shall be free to determine the terms and conditions of its staff subject to the requirements of the staffing memorandum at Schedule 9 to this Memorandum.

Board Members and Committee Chairmen

53. Arrangements for payments to Board Members and Committee Chairmen are described at Schedule 10.

Review

54. This Memorandum shall be reviewed after approximately 5 years; or earlier at the Department's discretion.

Department of the Environment

NATIONAL RIVERS AUTHORITY
FINANCIAL MEMORANDUM SCHEDULE 1

Financial Duties

Set out below are the financial duties that the Authority shall have for each of its functions.

(A) Water Resources

To ensure that, taking one year with another, income from applicants for impoundment and abstraction licences, and from holders of abstraction licences, equals expenditure (including current cost accounting depreciation on assets held in connection with this function) plus

(i) a rate of return of 2% on the net current cost value of water resources assets transferred to it on 1 September 1989; and

(ii) a rate of return of 8% on water resources assets acquired since 1 September 1989.

The requirements regarding current cost accounting depreciation and a rate of return do not apply to assets financed entirely from revenue in the year in which they are acquired.

(B) Flood Defence

(i) To break even, taking one year with another, on income and expenditure, utilising land drainage reserves as required under (ii) below.

(ii) To extinguish within 5 years the cash reserves transferred to the Authority on 1 September 1989 (other than those held under section 47 of the Land Drainage Act 1976) by reducing precepts on local authorities and Internal Drainage Boards which would otherwise be necessary to carry out programmes of flood defence and land drainage works.

(C) Pollution Control

(i) To balance cash income (including grant-in-aid) and expenditure in each financial year, subject to the carry forward provisions set out in paragraphs 19 - 21 of the memorandum.

(ii) To seek to establish fair charging policies which will maximise income from discharge consents (subject to the statutory limitations concerning reasonably attributable expenditure) and income from unconsented discharges and discharges in breach of consent (through recovery of expenditure on pollution incidents), thereby reducing the need for grant-in-aid. Such policies should be developed in consultation with the Department and agreed by the Department before implementation.

(D) Navigation

(i) To balance cash income (including grant-in-aid) and expenditure in each financial year, subject to the carry forward provisions set out in paragraphs 19 - 21 of the memorandum.

(ii) To seek to establish fair charging policies which will maximise income from licence fees and tolls, thereby reducing the need for grant-in-aid. Such policies should be developed in consultation with the Department and agreed by the Department, who will consult the Ministry and Welsh Office as necessary, before implementation.

(E) Fisheries

(i) To balance cash income (including grant-in-aid) and expenditure in each financial year, subject to the carry forward provisions set out in paragraphs 19 - 21 of the memorandum.

(ii) To seek to establish fair charging policies which will maximise income from licence duties, contributions under Section 28 of the Salmon and Freshwater Fisheries Act 1975, fees from rechargeable services and costs awarded in legal cases involving illegal fishing, thereby reducing the need for grant-in-aid. Such policies should be developed in consultation with the Department the Ministry and Welsh Office and agreed by them before implementation.

(F) Recreation

(i) To balance cash income (including grant-in-aid) and expenditure in each financial year, subject to the carry forward provisions set out in paragraphs 19 - 21 of the memorandum.

(ii) To seek to establish fair charging policies which will maximise income from charges for facilities and letting of fishing rights, thereby reducing the need for grant-in-aid. Such policies should be developed in consultation with the Department and agreed by the Department before implementation.

NATIONAL RIVERS AUTHORITY

FINANCIAL MEMORANDUM - SCHEDULE 2

FINANCIAL INFORMATION REQUIREMENTS

(A) Water Resources

Sources of income:

Abstraction charges

Sale of assets

ERDF/European grants

Grant-in-aid (prior Departmental
approval needed)

Other (provide footnote)

TOTAL INCOME

Expenditure:

Capital (except IT)

Revenue -

Salary costs, members expenses T & S,
Consultants and IT
(including IT capital and
headquarters and central services
apportionment *)

Publicity and promotion

Research

Other (provide footnote)

TOTAL EXPENDITURE

* Headquarters and central
services apportionment

(B Flood Defence

Sources of income:

Precepts

General drainage charges

Contributions from beneficiaries

MAFF grants

Use of Reserves

Sales of assets

ERDF/European grants

Other (provide footnote)

TOTAL INCOME

Expenditure:

Capital (excluding IT)

Revenue -

Salary costs, members' expenses, T & S,
consultants and IT
(including IT capital and headquarters
and central services apportionment *)

Promotion and publicity

Research

Other (provide footnote)

TOTAL EXPENDITURE

* Headquarters and central
services apportionment

(C) Pollution Control

Sources of income:

Discharge consents

Legal costs

Grant-in-aid

Sales of assets

Provided by water resources

Other (provide footnote)

TOTAL INCOME

Expenditure:

Capital (excluding IT)

Revenue -

salary costs, members' expenses, T & S,
consultants and IT
(including IT capital and headquarters
and central services apportionment *)

Promotion and publicity

Research

Other (provide footnote)

TOTAL EXPENDITURE

* Headquarters and central
services apportionment

(D) Navigation

Sources of income:

Licence fees

Tolls

Grant-in-aid

Sales of assets

ERDF/European grants

Provided by water resources

Other (provide footnote)

TOTAL INCOME

Expenditure:

Capital (excluding IT)

Revenue -

salary costs, members' expenses, T & S,
consultants, IT
(including IT capital and headquarters
and central services apportionment *)

Promotion and publicity

Research

Other (provide footnote)

TOTAL EXPENDITURE

* Headquarters and central
services apportionment

(E) Fisheries

Sources of income:

Fishing licence duties

Legal costs

Section 28

Rechargeable services (eg advice on fisheries)

Grant-in-aid

Sales of assets

ERDF/European grants

Provided by water resources

Other (provide footnote)

TOTAL INCOME

Expenditure:

Capital (excluding IT)

Revenue -

salary costs, members' expenses, T & S,
consultants, IT
(including IT capital and headquarters
and central services apportionment *)

Promotion and publicity

Research

Other (provide footnote)

TOTAL EXPENDITURE

* Headquarters and central
services apportionment

(F) Recreation

Sources of Income:

Charges

Grant-in-aid

Letting of fishing rights

ERDF/European grants

Sales of assets

Provided by water resources

Other (provide footnote)

TOTAL INCOME

Expenditure:

Capital (excluding IT)

Revenue -

Salary costs, members' expenses T & S,
consultants, IT
(including IT capital and headquarters
and central services apportionment *)

Promotion and publicity

Research

Other (provide footnote)

TOTAL EXPENDITURE

* Headquarters and central
services apportionment

Expenditure Summary

TOTAL GROSS EXPENDITURE CAPITAL

TOTAL GROSS EXPENDITURE REVENUE

TOTAL ADMINISTRATIVE COSTS

TOTAL EXPENDITURE PROMOTION AND PUBLICITY

TOTAL EXPENDITURE RESEARCH

Income Summary

TOTAL INCOME FROM GRANT-IN-AID

TOTAL INCOME FROM ASSET SALES

NATIONAL RIVERS AUTHORITY

FINANCIAL MEMORANDUM - SCHEDULE 3

PUBLIC EXPENDITURE CLASSIFICATION

1. The Authority will be classified as a central government body in PES and as such public expenditure is defined as:

Gross Expenditure of the NRA
less receipts treated as negative expenditure

2. The following definitions shall apply

Gross Expenditure = Receipts from outside central
government treated as negative
expenditure
+ Receipts treated as revenue*
+ Grant-in-Aid
+ Borrowing
- Repayment
+ Other Govt Grants (eg MAFF, WO, EC)
+ Drawing down of Reserves
- Increase in Deposits

(*This item does not count towards gross expenditure to the extent that such receipts are surrendered to the Consolidated Fund.

3. The public expenditure of the Authority is then the sum of:

Grant-in-Aid
+ Other Grants [scored elsewhere eg MAFF prog + Vote]
+ Net Borrowing
+ Net Drawing on reserves/balances
+ Receipts treated as revenue*

4. The following receipts are treated as negative public expenditure:

- Abstraction charges
- Discharge consents
- Section 28 orders (all)
- Precepts (these are transfers from local authorities)
- Sales of assets
- Other charges for services
- Other contributions from beneficiaries
- Tolls (levied at cost of crossing)
- Fishing Licences
- General Drainage Charges

5. The following receipts are classified as revenue:

- Licence fees (eg Navigation, Salmon Dealing) Tolls (if levied to raise revenue other than for operating locks)

6. Increases in receipts classified as revenue should not allow additional gross expenditure but should either be surrendered or lead to a reduction in the grant-in-aid. Increases in receipts classified as negative public expenditure may be used to finance additional gross expenditure with two exceptions: income from additional sales of assets other than flood defence assets and one-third of additional receipts from Section 28 orders. These should lead to a reduced grant-in-aid.

NATIONAL RIVERS AUTHORITY -
FINANCIAL MEMORANDUM - SCHEDULE 4

MAIN ESTIMATES FORMAT

Timing and content of Estimates submission

1. The supply procedure is the means by which the Government seeks Parliamentary authority for expenditure. The main supply estimates constitute the budgets within which Government Departments and their grant-aided bodies are expected to operate.
2. The usual date for the Treasury circular seeking proposals for Main Estimates is October, although estimates cannot be finalised until after the PES provision is settled in November. Nevertheless as much preparatory work as possible should be carried out in October, based on information already available within the Authority, and in consultation with the Department.
3. For main estimates the requirement is:-
 - (i) a statement of forecast outturn for the current year; and
 - (ii) a statement of estimated total expenditure for the following year, making clear how grant-in-aid will be deployed. This information should be set out in the format attached.
4. Account should be taken of all expected receipts which should offset the amount of grant-in-aid required.
5. In drawing up the statements at para 3 above the original provision figures will be those appearing in the appropriate table in the previous year's supply estimates. Expenditure figures should show outturn on the amount of grant drawn down in the financial year in question; they should not show the effect of grant carry-forward from previous years.

NRA: ESTIMATES TABLE

£'000
Previous years outturn

£'000
Estimate Year

Grant in aid	Total		Grant-in-aid	Total
		A CURRENT EXPENDITURE		
		A1 Administration (manpower and salary costs members' expenses T & S Consultants IT).		
		A2 Other (research, promotion and publicity)		
		B CAPITAL EXPENDITURE		
		C BREAKDOWN OF EXPENDITURE AND EXPECTED USE OF GRANT IN AID BY FUNCTION		
		C1 WATER RESOURCES		
		Admin		
		Other		
		Capital		

£'000
Previous year's outturn

Grant-in-aid Total

£'000
Estimate Year

Grant-in-Aid | Total

C2 LAND DRAINAGE

Admin
Other
Capital

C3 POLLUTION CONTROL

Admin
Other
Capital

C4 NAVIGATION

Admin
Other
Capital

C5 FISHERIES

Admin
Other
Capital

C6 RECREATION

Admin
Other
Capital

Note: The difference between the Authority's total estimated expenditure and its grant-in-aid is made up by income from abstraction charges (£), precepts (£), general drainage charges (£), discharge consents (£), licence fees (£), tolls (£), fishing licence duties (£) and re-chargeable services (£).

SCHEDULE 5

NATIONAL RIVERS AUTHORITY - FINANCIAL MEMORANDUM - GRANT-IN-AID CLAIM FORM

<u>Function</u>	Funds Received to Date		Claim		Period	
	Grant in aid (1)	Other Income (2)	Cumulative Expenditure (3)	Estimated payments (4)	Estimated receipts (5)	Receipts Grant-in-aid in hand claimed (6) (7)
A) <u>WATER RESOURCES</u>						
Revenue:						
Administration						
Promotion and Publicity						
Research						
Other						
<u>Capital</u>						
B) <u>FLOOD DEFENCE</u>						
Revenue:						
Administration						
Promotion and Publicity						
Research						
Other						
<u>Capital</u>						
C) <u>POLLUTION CONTROL</u>						
Revenue:						
Administration						
Promotion and Publicity						
Research						
Other						
<u>Capital</u>						

D) NAVIGATION

Revenue:
Administration
Promotion and
Publicity
Research
Other
Capital

E) FISHERIES

Revenue:
Administration
Promotion and
Publicity
Research
Other
Capital

F) RECREATION

Revenue:
Administration
Promotion and
Publicity
Research
Other
Capital

TOTALS

Total Revenue
Total Capital

OVERALL TOTAL

NATIONAL RIVERS AUTHORITY - FINANCIAL MEMORANDUM

SCHEDULE 6

Financial Delegation

The Authority shall be free to determine expenditure without further reference to the Department subject to the delegations below.

Projects, Works Contracts (including new investment and maintenance) etc

There shall be a two tier system of delegation.

Subject to the conditions below and the general terms of the Memorandum, the Authority shall be free to approve projects etc with an estimated value not exceeding £500,000 without the prior approval of the Department.

For projects estimated to cost between £500,000 and £2 million, provided the conditions below are met, the Authority shall submit only an outline of the project in the format set out at Schedule 7, and the Department shall decide within 15 working days of receipt of the outline whether to delegate approval to the Authority or to call it in for detailed approval.

Consultancies which are directly and solely required as part of a project etc shall be included in the estimated project cost and shall be subject to the delegations set out in this section.

The conditions referred to above are:

- a. that all projects estimated to cost in excess of £25,000 are subject to full appraisal in line with Treasury guidance;
- b. that works contracts etc are competitively tendered and that the lowest tender is accepted; or, if a higher tender is accepted, this is done with the prior approval of the Chief Executive above a level of £5000 and is reported to the next meeting of the Board;
- c. that if a competitively tendered works contract results in a higher tender being accepted so as to employ the authority's in-house work force, this is done with the prior approval of the Chief Executive above a level of £50,000; and that all such cases, whatever their value, are reported to the next meeting of the Board.
- d. that there is no artificial division of projects etc which would affect the requirement to obtain Departmental approval under these delegations.
- e. that the expenditure involved is not novel; or

financially contentious (see also paragraph 35 of the Financial Memorandum).

e. that if project costs rise by more than 20% above original estimate, the project is re-appraised and, if the cost then exceeds the delegations in this section, Departmental approval is sought as necessary;

f. that expenditure can be contained within the Authority's approved budget for the year;

g. that twice a year the Authority notifies the Department of works contracts let within the previous 6 months from which the Department shall select at random no more than 5 projects to check that appropriate procedures have been followed.

h. that the Authority shall not normally be allowed to enter into Finance leases. Any proposal involving finance leases should be discussed at an early stage with the Department.

All projects, works contracts etc costing more than £2 million, or which do not comply with the conditions above shall be submitted to the Department for approval.

Consultancies

Subject to the conditions below and the general terms of the Memorandum, the Authority may without the prior approval of the Department appoint consultants, other than consultants directly and solely related to individual projects or works contracts etc, with estimated costs not exceeding £250,000 in any one year.

The conditions referred to above are:

a. that a competition has been held and the lowest tender accepted; or, if a higher tender has been accepted, this is with the prior approval of the Chief Executive and is reported to the next meeting of the Board;

b. that consultants are not retained without competition for more than 4 years;

c. that annual costs can be contained within the total administrative costs cash limit for the Authority agreed each year by the Department - see also Schedule 10;

d. that the expenditure involved is not novel or financially contentious (see also paragraph 38 of the financial memorandum).

The prior approval of the Department is required for consultancies which exceed £250,000 or which do not meet the above conditions.

Single Tender Action

The Authority shall require the prior approval of the Department for a proposal to let without competition any contract or consultancy estimated to cost in excess of £10,000. The exceptions to this requirement are:

- a. emergency works or consultancies where it is not practicable to go through the normal tendering/competitive procedures. In such cases, the prior approval of the Chief Executive or, if he is not available, the Finance Director should be sought and the circumstances reported to the next meeting of the Board.
- b. works carried out by the inhouse workforce with a value not exceeding £50,000, provided it represents good value for money to do so, that the prior approval of the Chief Executive or, if he is not available, Finance Director has been obtained and that all such contracts are reported to the Board.
- c. fixed price purchases or purchases of a specialist nature with a value not exceeding £15,000.

Writes-off, Losses and Special Payments

The Authority shall require the prior approval of the Department for:

Writes-Off exceeding £1,000

Special payments exceeding £1,000

Individual gifts exceeding £200.

NATIONAL RIVERS AUTHORITY

FINANCIAL MEMORANDUM - SCHEDULE 7

Submissions for Departmental approval of Projects above Delegation

1. Proposals for project and works expenditure above delegations should be submitted either in outline or in full depending on the amount involved (see Schedule 6). Broadly the same format should be used for both outline and full submissions, although in the latter case a more detailed explanation/justification will be appropriate, including a project appraisal where relevant. For outline submissions, brief notes will suffice.

2. The information to be provided should include:

(a) Name of project/works, location (region), the function to which it relates (eg navigation), and the expected start date.

(b) Description of project. This should cover as a minimum (i) the total expected cost of the project (ii) the expected cost to the Authority (iii) amounts contributed by others and (iv) any income from the project for each financial year concerned. More detailed cost breakdowns should be considered for full submissions.

(d) Appraisal. As a minimum, it should be stated whether an appraisal has been carried out, what other main options were considered and whether the preferred option is the cheapest in NPV terms. For full submissions the appraisal itself should be attached.

(e) Approval. It should be stated who in the Authority has approved the project (ie Board, Chief Executive).

3. All submissions, whether outline or full, should be accompanied by a certificate, signed by the chief Executive or finance director, stating that the information is, to the best of their knowledge, accurate in all respects and that the Authority has sufficient provision within its budget for the years in question to meet the costs of the project/works.

NATIONAL RIVERS AUTHORITY

FINANCIAL MEMORANDUM - SCHEDULE 8

FORMAT FOR HANDLING REQUESTS TO WRITE OFF LOSSES AND MAKE SPECIAL PAYMENTS

A: WRITE OFF OF LOSSES

Requests for authority to write off sums in excess of delegation (see Schedule 6) should be set out under the headings below. This format should also be followed by the Authority in the handling of those cases that come within its delegated authority. All cases involving fraud, proven or suspected, must be referred to the Department immediately they come to light irrespective of the amount involved.

(i) Name of the debtor, and sum to be written off.

(ii) How the debt occurred, and when.

This paragraph should briefly summarise all the salient facts required for an understanding of what happened.

(iii) Who was primarily responsible?

Where this is known it should be stated, together with details of the responsibility where appropriate.

(iv) Is there suspicion of fraud?

If so, on what grounds; how has it been investigated; is prosecution proposed?

(v) Was the loss caused by neglect?

In the case of contracts, this should be taken up with the contract supervisor. In the case of a responsible officer, the neglect should be noted.

(vi) What steps are necessary to prevent a recurrence?

Where action has been taken this should be noted. Write-off need not await action.

(vii) Any other relevant information.

(viii) Conclusion and recommendation.

Brief assessment of case; and recommended action vis-a-vis making the write off.

B: SPECIAL PAYMENTS AND GIFTS

4. For gifts above the Authority's delegation (see Schedule 6) the following points need to be addressed in seeking prior Departmental approval (and should also be followed by the NRA for cases within the Authority's delegation).

- (i) The nature and cost of the gift;
- (ii) The frequency of its donation; ie is it a one-off or a prize offered annually?
- (iii) What will it achieve for the Authority; is it value for money?

Requests for permission to make gifts should be made sufficiently in advance to allow time for consideration by the Department and, if necessary, Treasury approval.

NATIONAL RIVERS AUTHORITY

FINANCIAL MEMORANDUM - SCHEDULE 9

STAFFING MEMORANDUM

Preamble

1. This Memorandum establishes the basis on which the Authority's administrative costs and staff terms and conditions will be subject to control by the Department. It aims to give the Authority flexibility and freedom to manage its affairs cost-effectively, whilst retaining for the Department only the strategic controls necessary for it properly to discharge its responsibilities.

2. The main control shall be an annual cash ceiling on the Authority's administrative costs. The Memorandum also requires the Authority to seek the approval of the Department for the pay, terms and conditions of certain key senior appointments and for major restructuring and establishes limits on the terms and conditions that may be offered to all staff.

Total Administrative Costs

3. The Authority shall separately identify its total administrative costs between flood defence and all its other functions. For this purpose, administrative costs in any year shall be defined as:

- (a) staff salaries and related costs;
- (b) payments to members of the Authority and its regional committees;
- (c) travel and subsistence and other allowances;

(d) consultancies of a general administrative nature (i.e. other than consultancies associated directly with works contracts or research);

(e) information technology (both current and revenue).

4. Administrative costs on flood defence shall comprise:-

(a) expenditure within categories (a) to (e) in paragraph 3 above exclusively attributable to flood defence (e.g. salaries and related costs of staff exclusively employed on flood defence work and the costs of flood defence committees but excluding all wages and other costs relating to manual staff which are to be treated as programme expenditure);

(b) agreed proportions of general administrative costs under categories (a) to (e) in paragraph 3 above.

Establishment and Roll Forward of Total Administrative Costs

Cash Ceiling

5. The Department shall establish and announce to the Authority, normally in November/December each year, a cash ceiling on the Authority's total administrative costs for the following financial year. It shall be the duty of the Authority to ensure that this cash ceiling is under no circumstances exceeded.

6. The initial cash ceiling (for 1989/90) shall be established by the Department in the light of:

(a) the costs necessarily associated with the initial senior staff structure, salaries, terms and conditions which have been agreed with the Department and Treasury;

- (b) the costs associated with payments to members of the Authority and its Regional Committees as determined by Ministers with Treasury approval;
- (c) the costs necessarily associated with the structure, pay, terms and conditions of staff joining the Authority from the water authorities at vesting; and
- (d) estimates of the Authority's required expenses in relation to travel and subsistence, general and administrative consultancies and information technology.

7. Each year the cash ceiling on total administrative costs will be determined in the light of:

- (a) proposals on administrative costs in the Authority's annual corporate plan or other relevant submission;
- (b) proposals and scope for efficiency savings by the Authority;
- (c) the pay settlement dates for different groups of staff employed by the Authority; and
- (d) likely overall changes in Civil Service and public sector pay.

8. Subject to containing costs within the annual cash ceiling (and within the cash ceilings which can reasonably be expected to be set in future years), and to specific conditions set out in paragraphs 10 to 29 below, the Authority shall be free to determine and alter the number of its staff, their structure and disposition and their pay, terms and conditions.

Pay and Grading Structures

9. The Authority shall establish and maintain a pay spine or

series of pay spines for its staff following job evaluation studies. Any subsequent restructuring of grades shall only be undertaken following a job evaluation exercise. The introduction of a pay spine or any subsequent restructuring, whether or not this would have the effect of increasing total administrative costs in the current or subsequent years, shall require the prior approval of the Department and the Treasury.

Senior Staff

10. The prior approval of the Department will be required to the appointment of the Chief Executive. The pay, terms and conditions of the Chief Executive, the Directors and any other member of staff whom it is proposed to employ with remuneration equal to or above the most junior Director post will need to be agreed annually with the Department and the Treasury.

11. The Chief Executive shall write to the Department each year not more than three months and not less than one month before the annual pay settlement date for senior managers with proposals for the uplift to be applied to Directors' pay spines. The Chairman shall do the same in respect of the Chief Executive. However nothing in this paragraph shall prevent the Authority from putting proposals to the Department and the Treasury at other times in respect of other pay, terms and conditions matters.

12. The Authority's Chief Executive shall personally approve the creation of all posts in the senior management structure. The creation of all posts with remuneration equal to or above the most Junior Director post will require the approval of the Department.

Bonus and Performance Related Pay Schemes

13. The Authority shall require the Department's and the Treasury's prior approval to the principles of any bonus or

performance related pay schemes it wishes to introduce and to any substantive changes it wishes to make to schemes previously approved by the Department.

Superannuation

14. The Authority shall be an administering authority for the Local Government Superannuation Scheme and all eligible staff may join.

Redundancy

15. The Authority shall require the Department's and the Treasury's prior approval to the principles of any redundancy terms it wishes to offer. Such terms should reflect the provisions in the Local Government Superannuation Scheme.

Mobility

16. The contracts for staff, except for those in the most junior grades, should require them to be mobile in the interests of the efficiency of the Authority.

Cars

17. Cars should only be provided for staff who need them to carry out their jobs efficiently. This judgement will normally be based on a minimum anticipated mileage, as it will be more economical to pay a casual car user's allowance to staff recording low mileages. The type and cost of car to be provided should generally reflect the calls to be made on it, rather than the grade of the officer concerned. At any given time, the Department will indicate the top of the range that is acceptable.

18. Cars should be provided by the most economical means.

19. Individuals shall make a contribution towards the total

running costs of the car in respect of domestic useage in line with the current Civil Service practice.

Travel and Subsistence

20. The Authority shall devise and use a system of travel and subsistence and other allowances appropriate to its needs which are no more generous overall than Civil Service arrangements.

Moving Costs

21. The Authority shall only pay moving costs where such a payment is essential to secure the services of a key member of staff. Payments should be no more generous overall than comparable payments in the Civil Service and should be subject to repayment if the individual leaves the Authority's service voluntarily within 2 years of appointment.

Health Insurance

22. The Authority may negotiate favourable terms for a health insurance scheme for its staff. However the full costs of membership of such a scheme must be met by employees.

Leave

23. Annual leave is likely to be influenced by local factors. It is therefore generally seen as part of the remuneration package for an employee. The Authority shall be free to determine annual leave allowances (including rules on public and privilege holidays) and sick leave allowances, provided that they are no more generous overall than Civil Service terms.

Guidance to Staff on Terms and Conditions

24. Within 18 months of being established, the Authority shall prepare and issue a staff handbook setting out the full range of

terms and conditions applicable to staff. A current copy of the handbook shall be sent to the Department.

Staff Inspection

25. The Authority shall establish its own staff inspectorate who will be responsible for carrying out a programme of regular staff inspections throughout the Authority.

26. The Authority shall supply the Department with an outline of its annual staff inspection programme.

27. The Department's own staff inspectorate shall carry out staff inspections of the Authority from time to time if it appears appropriate.

Manpower Returns

28. The Government believes that the regular publication of manpower information, particularly showing manpower trends, is an important discipline on public bodies. All organisations reporting to Government are required to submit quarterly manpower returns in an agreed format.

NATIONAL RIVERS AUTHORITY

FINANCIAL MEMORANDUM - SCHEDULE 10

NRA MEMBERS AND MEMBERS OF REGIONAL COMMITTEES

NRA Members

1. In accordance with Section 1 of the Water Act 1989, the Authority shall consist of between 8 and 15 members, of whom two shall be appointed by the Minister of Agriculture, Fisheries and Food, one by the Secretary of State for Wales and the remainder by the Secretary of State for the Environment. The Secretary of State for the Environment shall also appoint one of the members as Chairman and may appoint another member as deputy chairman.

2. The normal term of office for a non-executive member shall be three years although length of appointments may vary to ensure continuity of Board membership. The Chairman of the Authority and any executive member may be appointed for a five year term. Members may be eligible for re-appointment on the expiry of their term of office.

3. The NRA shall pay to its members such remuneration and such travelling and other allowances as may be determined by the appropriate Minister with the consent of the Treasury. The level of remuneration shall be reviewed annually from April 1990 in line with the Top Salaries Review Board recommendations.

4. Members are expected to have a time commitment of between 3 and 6 days a month. The NRA shall notify the Department of the agreed time commitment for individual members and shall devise appropriate arrangements for reviewing this and for notifying the Department of changes.

5. The NRA shall pay to its members travelling and other

allowances in accordance with the Authority's Expenses and Allowances Scheme.

6. The terms of any executive Board appointment including that of the Chairman shall be agreed between the individual concerned and the Secretary of State. The Authority shall pay such remuneration and pension to an executive member as may be determined by the Secretary of State with the approval of the Treasury.

Members of Regional Committees

7. The NRA shall pay to the Chairmen of the Regional Rivers Advisory Committees, the Regional and Local Flood Defence Committees and the Regional Fisheries Advisory Committees such remuneration and other allowances as may be determined by the Secretary of State or the appropriate Minister with the consent of Treasury. The level of remuneration shall be reviewed annually from April 1990 in line with the Top Salaries Review Board recommendations.

8. Chairmen of regional committees are expected to have a time commitment of 3-5 days a month. The NRA shall notify the relevant Department of the agreed time commitment for individual Chairmen, and shall devise appropriate arrangements for reviewing this and for notifying the Department of changes.

9. The NRA shall pay to the Chairmen of its regional committees and to the members of these committees travelling and other allowances in accordance with the Authority's Expenses and Allowances Scheme.



NATIONAL RIVERS AUTHORITY

FINANCE MANUAL

B. Scheme of Delegation

The Scheme of Delegation prescribes the limits to the powers and duties which have been delegated to various tiers of management within the Authority and it must be read in conjunction with the Financial Memorandum.

It is similarly mandatory.

This Section also contains a summary of the procedures which Regional/Head Office management must follow to obtain approval for actions outside delegated powers ('An Operational Precis of the Financial Memorandum and Scheme of Delegation'), together with the forms to be used in complying with those procedures.

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NATIONAL RIVERS AUTHORITY
SCHEME OF DELEGATION

1. The attached scheme describes:
 - under the heading 'National Delegation', the delegations made by the Authority to the Chief Executive, other national directors, and officers at the head office; and
 - under the heading 'Regional Delegation', delegations both to and within regional units.
2. The scheme must be read in conjunction with the Authority's Financial Regulations and other requirements as to its management, and in particular policy guidelines issued from time to time by the Authority. The scheme cannot be taken to override such requirements.
3. Conversely the scheme should not prevent all necessary action being taken in an emergency by staff on the ground and section O is intended to allow this.
4. The amounts described in the column headed 'limits' refer to individual transactions, unless otherwise stated. The expression 'no limit' should be taken as equating to any specific limits that may be imposed on or by the Authority in relation to the relevant function, and in particular as equating to the more general limits that are inherent within the appropriate approved budgets.
5. The following abbreviations are used in the scheme:

Head Office

National directors:

CE	Chief Executive
TD	Technical Director
DF	Director of Finance
DP	Director of Personnel
SDEA	Secretary and Director of External Affairs
CS	Chief Scientist

Other:

PS	Principal Solicitor
----	---------------------

Regions

RGM	Regional General Manager
RFDM	Regional Flood Defence Manager
RFM	Regional Finance Manager
RPM	Regional Personnel Manager
RM	A Regional Manager (a second tier manager)
RS	Regional Solicitor

NATIONAL RIVERS AUTHORITY
SCHEME OF DELEGATION

I N D E X

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28 Sept 1984

Function

National
Limit

A. REVENUE EXPENDITURE

- | | | |
|----|--|---------------|
| 1. | Approval of regional revenue budgets for submission to the Authority. | - |
| 2. | Approval of the revenue budget for | - |
| | - the individual regional units | |
| | - the head office | |
| | - the Authority as a whole | |
| 3. | Making purchase orders and incurring expenditure allowed for in the approved budget. | No limit |
| | | Up to £50,000 |
| | | Up to £20,000 |

<u>Delegation</u> <u>Authorised</u> <u>body/officer</u>	<u>Limit</u>	<u>Regional Delegation</u> <u>Authorised</u> <u>body/officer</u>
	-	RGM
The Authority	-	-
National directors	Over £250,000	RGM subject to approval of CE or DF
Specified second-tier managers	Up to £250,000	RGM
	Up to £50,000	RM
Specified third-tier managers	Up to £10,000	Specified officers of grade 9 and above
	Up to £5,000	Specified officers of grades 7-8
	Up to £1,000	Specified officers of grades 5-6
	Up to £200	Specified officers of grade 4

Function**National
Limit**

- | | | |
|----|--|---------------------------|
| 4. | Authorising invoices for expenditure allowed for in the approved budget | No limit
Up to £50,000 |
| | (not previously subjected to the levels of detailed checks and controls set out in the purchase order procedure in A3 above) | Up to £20,000 |
| 5. | Specifying officers authorised to make purchase orders and certify invoices in accordance with the above limits. | - |
| 6. | Incurring expenditure not included in the revenue budget. | Up to £50,000 |

<u>Delegation</u>	<u>Regional Delegation</u>	
<u>Authorised body/officer</u>	<u>Limit</u>	<u>Authorised body/officer</u>
National directors	Over £250,000	RGM subject to approval of CE or DF
Specified second- tier manager	Up to £250,000	RGM
Specified third- tier manager	Up to £50,000	RM
	Up to £10,000	Specified officers of grade 9 and above
	Up to £5,000	Specified officers of grades 7-8
	Up to £1,000	Specified officers of grades 5-6
	Up to £200	Specified officers of grade 4
National directors	-	RGM or RM in consultation with RFM
National directors, in consultation with DF	Up to £25,000 Up to £5,000 subject to ex post facto report to DF in each case	RGM RM in consultation with RFM

Function**National Delegation**
Limit **Authorised**
body/officer**Regional Delegation**
Limit **Authorised**
body/officer

- | | | | | | |
|----|---|---|---|--|-----------------------------|
| 7. | Authorising transfers of sums within the budget, subject to total programme expenditure on individual service heads and administrative expenditure remaining unchanged. | No limit | National directors, in consultation with DF | No limit | RGM |
| | | | | Up to £50,000 | RM in consultation with RFM |
| 8. | Authorising transfers of sums within the budget that alter the totals of programme expenditure on pollution control, navigation, fisheries and recreation. | No Limit | Board | Up to the lesser of £50,000 or 15% of the original service head budget | RGM |
| | | Up to the lesser of £500,000 or 15% of the original service head budget | CE in consultation with DF | | |

B. CAPITAL EXPENDITURE

- | | | | | | |
|----|--|---|---------------|---|-----|
| 1. | Approval of regional capital programmes for submission to the Authority, (after agreement of flood defence schemes by the Regional or Local Flood Defence Committees). | - | - | - | RGM |
| 2. | Approval of the capital programme for
- the individual regional units
- the head office
- the Authority as a whole | - | The Authority | - | - |

Function**Limit** **National**

- | | | |
|----|--|---|
| 3. | Approval to commit expenditure on a flood defence project within the approved capital programme. | No limit
Up to £5.0m |
| 4. | Approval to commit expenditure on non-flood defence capital projects within the approved capital programme (excluding IT acquisitions; see section N); and subject to requirement for DOE approval of project with novel, unusual or financially contentious features. | Above £2.0m

Up to £2.0m

Up to £500,000
Up to £250,000

Up to £50,000 |
| 5. | Incurring expenditure on approved projects within approved cost. | No limit |

<u>Delegation</u>	<u>Limit</u>	<u>Regional Delegation</u>
<u>Authorised body/officer</u>		<u>Authorised body/officer</u>
The Authority	Up to £1.0m	RGM
DF and TD	Up to £0.5m	RFDm
The Authority subject to prior approval of DOE	Up to £250,000	RGM
	Up to £50,000	RM
The Authority subject to DOE agreement to delegate approval		
CE or DF		
National directors		
Specified second tier managers		
National directors	No limit	RGM
	Up to £500,000	RM

Function

National
Limit

- | | | |
|----|--|----------|
| 6. | Incurring expenditure on approved schemes which would cause the approved cost to be exceeded, subject to reappraisal of schemes with a cost increase of more than 20% and to the requirement to refer to the DOE if new cost exceeds £500,000. | No limit |
| | | |
| 7. | Incurring expenditure on schemes not included in the capital programme, subject to not exceeding the total allowed for capital expenditure and subject to requirement for referral of projects exceeding £500,000 to the DOE. | No limit |

C. INCOME

- | | | |
|----|---|---|
| 1. | Determining the Authority's charging policies and agreeing charges for other than local services. | - |
| | | |
| 2. | Determining charges for local services. | - |
| | | |
| 3. | Approving land drainage precepts recommended by the Regional or Local Land Drainage Committees. | - |

<u>Delegation</u>	<u>Regional Delegation</u>	
<u>Authorised body/officer</u>	<u>Limit</u>	<u>Authorised body/officer</u>
The Authority	Up to lesser of £20,000 or 20%	Refer to DF
	Up to lesser of £12,500 or 20%	RGM
	Up to lesser of £2,500 or 20%	RM in consultation with RFM
The Authority	Up to £25,000	RGM
	Up to £5,000 subject to ex post facto report to DF in each case	RM in consultation with RFM
The Authority	-	-
-	-	RGM
The Authority	--	-

Function

Limit

National

4. Negotiation with MAFF for grant for individual land drainage projects.

-

D. OTHER FINANCE

1. Specification of national financial systems.

-

2. Specification of regional financial systems.

-

3. Opening bank accounts.

-

<u>Delegation</u> <u>Authorised</u> <u>body/officer</u>	<u>Limit</u>	<u>Regional Delegation</u> <u>Authorised</u> <u>body/officer</u>
-	Subject to national policies on the allocation of grant	RGM and RFDM, in consultation with RFM
DF	-	-
-	-	RFM in consultation with DF
DF	-	-

<u>Function</u>	<u>Limit</u>	<u>National</u>
4. Signing cheques (cheques bearing facsimile signatures should only be issued after a listing of such cheques supported by the cheques themselves and documentation relevant to the payments has been authorised by the DF or RFM or their respective delegates).	(i) Up to £10,000	
	(ii) Up to £100,000	
	(iii) No limit	
5. Investment of surplus funds.	-	
6. Exercising the Authority's borrowing powers, subject to the prior approval of the DOE.	-	
7. Arranging insurance, subject to the prior approval of the DOE.	-	
8. Making claims against the Authority's insurance policies.	No limit	

<u>Delegation</u> <u>Authorised</u> <u>body/officer</u>	<u>Limit</u>	<u>Regional Delegation</u> <u>Authorised</u> <u>body/officer</u>
The Chairman, CE or any national director or other named officer nominated for the purpose by the CE or DF	(i) Up to £10,000	RFM, RGM, or other officer nominated for the purpose by the DF or CE
Any two signatories as set out in (i) but not more than one facsimile	(ii) Up to £100,000	Any two signatories as set out in (i) but not more than one facsimile
Any two signatories as set out in (i) of which one must be a national director but no facsimile	(iii) No limit	Any two signatories as set out in (i) of which one must be the RGM or RFM but no facsimile
DF	-	-
DF	-	-
DF	-	-
DF	Up to £100,000	RFM

FunctionLimit National

- | | | |
|-----|--|----------------------------|
| 9. | Investigation of cases of financial irregularity. | No limit |
| 10. | Writing-off debts, stock and other assets, subject to maintaining a record of write-offs and to obtaining the prior approval of the DOE to cases exceeding £1,000. | No limit
Up to £100,000 |
| 11. | Disposal of unwanted stores and equipment at the best price, after any necessary write-off under 10 above, after informing other regional units of the availability of the unwanted articles, and after informing the DOE in advance of any disposals exceeding £250,000 or at less than market value. | No limit |

Delegation**Authorised
body/officer****Regional Delegation****Limit****Authorised
body/officer**

CE and DF

RGM to report
irregularity
immediately to DF

The Authority

DF

All
recommendations
for write off must
be submitted to the
DF with the
monthly statementsNational Directors
in consultation
with DFAll
recommendations
for write off must
be submitted to the
DF with the
monthly statements

Function

Limit

National Delegation

Authorised
body/officer

Limit

Regional Delegation

Authorised
body/officer

E. TENDERS AND CONTRACTS

NOTE: All limits in this section are under continuing discussion with DOE. Refer to Financial Memorandum Schedule 6. and to 'Guidance on Purchasing policy' issued as an interim guideline.

Action under Section E is subject to approved budgets being in place under the preceeding Sections A or B and also subject, in the case of:-

- Non Flood defence work - to the limitations, consents and reporting procedures imposed by Schedule 6 of the Financial Memorandum especially where they relate to Single Tender action and use of the in-house workforce.
- Flood Defence Work - to any conditions of capital grant laid down by the Ministry referred to in paragraph 38 of the Financial Memorandum.

Function

Limit National

F. PERSONNEL

- | | | |
|----|--|------------------------------|
| 1. | Approval of regional manpower budget for submission to the Authority. | - |
| 2. | Approval of manpower budget for <ul style="list-style-type: none">- the individual regional units- the head office- the Authority as a whole | - |
| 3. | Variation in staff numbers within the overall manpower budget. | Affecting RM posts and above |
| 4. | Variation in staff numbers outside the overall manpower budget. | No limit |
| 5. | Creation of posts in the senior management structure, subject to requirement for DOE approval of posts with remuneration exceeding the most junior director post. | - |

<u>Delegation</u>	<u>Limit</u>	<u>Regional Delegation</u>
<u>Authorised body/officer</u>		<u>Authorised body/officer</u>

-	-	RGM
---	---	-----

The Authority	-	-
---------------	---	---

DP	Posts excluding RM and above	RGM
	Posts up to grade 6	RM in consultation with RPM

DP in consultation with DF	-	-
-------------------------------	---	---

CE	-	-
----	---	---

Function

National
Limit

6. Making appointments to vacant posts. RGM posts

7. Instituting disciplinary proceedings up to and including dismissal. RGM posts and above

<u>Delegation</u> <u>Authorised</u> <u>body/officer</u>	<u>Limit</u>	<u>Regional Delegation</u> <u>Authorised</u> <u>body/officer</u>
CE	RM posts	RGM in consultation with DP and appropriate national functional director
	Above grade 6 and below RM	RM in consultation with RPM
	Manual workers and non-manual up to grade 6	Specified officers of grade 9 and above in consultation with RPM
CE	RM posts	RGM in consultation with DP and appropriate national functional director
	Above grade 6 and below RM	RM in consultation with RPM
	Manual workers and non-manual up to grade 6	Specified officers of grade 9 and above in consultation with RPM

Function

National
Limit

- | | | |
|-----|--|-----------|
| 8. | Regrading of posts within the overall manpower budget and in accordance with national job evaluation scheme. | RGM posts |
| 9. | Negotiating national terms and conditions of service. | - |
| 10. | Making local variations in terms and conditions of service. | - |
| 11. | Introducing bonus or performance related pay schemes subject to prior approval of DOE if appropriate. | - |
| 12. | Establishment of redundancy terms, subject to prior approval of the DOE if appropriate. | - |

<u>Delegation</u>	<u>Regional Delegation</u>	
<u>Authorised body/officer</u>	<u>Limit</u>	<u>Authorised body/officer</u>
CE	RM posts	RGM in consultation with DP and appropriate national functional director
	Above grade 6 and below RM	RM in consultation with RPM
	Manual workers and non-manual up to grade 6	Specified officers of grade 9 and above in consultation with RPM
DP in consultation with DF	-	-
-	-	RGM in consultation with DP
DP in consultation with DF	-	-
DP in consultation with DF	-	-

FunctionLimit
National Delegation
Authorised
body/officerLimit
Regional Delegation
Authorised
body/officer**G. LAND AND ESTATES**

- | | | | | | |
|----|--|----------|-----------------------------------|--|-------------------------------------|
| 1. | Authorise and approve terms for the disposal or lease of land, buildings or of an interest therein or the disposal of fixed and permanent machinery or plant, subject to first notifying the DOE of disposals exceeding £250,000 and of disposals at less than market value. | No limit | PS in consultation with DF and TD | Land with a capital value up to £20,000 or annual rent up to £5,000. | RGM in consultation with RS and RFM |
| 2. | Acquisition of land (including buildings) or of an interest therein. | No limit | PS in consultation with DF | Land with a capital value up to £20,000 or annual rent up to £5,000. | RGM in consultation with RS and RFM |
| 3. | Granting, terminating and varying of leases of less than 3 years. | No limit | PS in consultation with DF | Up to a total rental value of £20,000 | RGM in consultation with RS and RFM |
| 4. | Rent reviews in accordance with any provision in a lease to or by the Authority. | No limit | PS in consultation with DF | To a rent up to £10,000 | RGM in consultation with RS and RFM |
| 5. | Other matters of general estates management. | - | - | No limit | RGM in consultation with RS |

Function**National Delegation**
Limit
Authorised
body/officer**Regional Delegation**
Limit
Authorised
body/officer

6. Settling claims not the subject of prescribed insurance procedures for surface damage resulting from (or put in hand accommodation works necessitated by) any operations.

No limit

PS in consultation with DF

Up to £10,000 in respect of land in the same ownership

RGM

Up to £1,000 in respect of land in the same ownership

RM in consultation with RFM

H. LEGAL

1. Settling claims for compensation or damages (not the subject of prescribed insurance procedures).

No limit

DF

Up to £20,000 in respect of any one claim

RGM

Up to £10,000 in respect of any one claim

RM in consultation with RFM and RS

2. Obtaining all necessary permissions, licenses approvals, consents etc. and appearing or being represented at public enquiries relating thereto provided the same are required for approved schemes or proposals.

Affecting national interests

National directors in consultation with the SDEA

Affecting local interests

RGM

In specified local instances

RM in consultation with RS

3. Opposing (including at public enquiries) applications and proposals which affect the interests of the Authority (with power to agree withdrawal of that opposition on terms).

Affecting national interests

National directors in consultation with the SDEA

Affecting local interests

RGM

In specified local instances

RM in consultation with RS

FunctionNational Delegation
Limit Authorised
body/officerRegional Delegation
Limit Authorised
body/officer

- | | | | | | |
|----|--|---------------------------------------|--|--|------------------------------------|
| 4. | Promoting, or opposing statutory instruments and other subordinate legislation. | For matters of national significance | National directors in consultation with the SDEA | For matters of purely local significance | RGM |
| 5. | Obtaining new or variations of existing discharge consents and abstraction licenses relating to the Authority's works. | Outside national policy or guidelines | TD | Within national policy or guidelines | RGM |
| 6. | Exercise of the Authority's regulatory functions including the issue of licences and consents under legislation enforced by the Authority. | For matters of national significance | National directors | | RGM
or
RM |
| 7. | Making financial and other arrangements within the limits of the approved capital programme with persons requesting works to be provided by the Authority. | - | - | - | RGM or RM in consultation with RFM |
| 8. | Authorising payments by instalments in accordance with statutory procedures for work carried out by the Authority, subject to the guidelines issued by the DF. | No limit | DF | Up to £250,000 in total | RGM or RM in consultation with RFM |

<u>Function</u>	<u>National Delegation</u>		<u>Regional Delegation</u>	
	<u>Limit</u>	<u>Authorised body/officer</u>	<u>Limit</u>	<u>Authorised body/officer</u>
9. Making arrangements with developers for capital contributions.	-	-	-	RGM or RM in consultation with RS and RFM
10. The institution of debt recovery proceedings or civil proceedings for the recovery of a specified sum.	No limit	DF	Up to £50,000	RFM in consultation with RS
11. The institution of civil proceedings other than as in 10 above.	-	PS/Legal Advisor	-	-
12. The institution of proceedings for offences for which the Authority is a proper prosecutor.	-	-	-	RGM or RM RS in consultation with RGM or RM AS
13. The authorisation of officers who are not practising solicitors to appear on the Authority's behalf in proceedings before any Magistrates Court under section 223 of the Local Government Act 1972.	-	PS/Legal Advisor	-	RS
14. Authorisation of agreements under section 60 of the Water Resources Act for exemption from or reduction of water abstraction charges.	In cases of national importance	TD	Other than in cases of national importance	RGM

<u>Function</u>	<u>National Delegation</u>		<u>Regional Delegation</u>	
	<u>Limit</u>	<u>Authorised body/officer</u>	<u>Limit</u>	<u>Authorised body/officer</u>
15. Authorising entry on land or premises under, and in accordance with, the relevant legislation and the giving of any notice in connection therewith.	-	-	-	RGM or RM in consultation with RS
16. Action to protect the Authority's interests in relation to rating.	-	-	-	RGM or RFM
17. Making of ex-gratia payments in respect of legal matters in accordance with Authority policy.	No limit	DF	Up to £5,000	RGM
			Up to £1,000	RM in consultation with RS
18. Signing warrants of authority for Authority staff	-	SDEA	-	RGM or RS
19. Signing contracts on behalf of the Authority.	Subject to the appropriate limits of this scheme	SDEA and other national directors	Subject to the appropriate limits of this scheme	RGM or RM
20. Applying the seal of the Authority.	-	Legal Advisor	-	-
21. Authorising other members of staff to exercise the powers of the RGM or other manager.			-	RGM or RM (subject in the case of the RM to any restrictions imposed by the RGM).

Function

National
Limit

I. EXTERNAL CONSULTANTS

- | | | |
|----|---|----------------|
| 1. | The engagement following competition of consulting engineers, valuers, surveyors, counsel, and solicitors, other than in connection solely with individual projects and subject to meeting the DOE conditions. | Up to £250,000 |
| | | |
| 2. | The engagement following competition of financial, management and information technology consultants, and parliamentary agents, other than in connection solely with individual projects and subject to meeting the DOE conditions. | Up to £250,000 |

J. OVERSEAS TRIPS

- | | | |
|----|--|---|
| 1. | Authorising trips overseas on behalf of the Authority. | - |
|----|--|---|

<u>Delegation</u>	<u>Limit</u>	<u>Regional Delegation</u>
<u>Authorised body/officer</u>		<u>Authorised body/officer</u>

Appropriate
national director

Up to £50,000 per
assignment

RGM

Up to £10,000 per
assignment

RM in consultation
with RFM and
RPM

Appropriate
national director

-

-

Appropriate
national director

-

-

Function

Limit **National**

K. HOSPITALITY

- | | | |
|----|--|-----------------------|
| 1. | Incurring reasonable and appropriate hospitality within the amount allowed in the approved budget. | For exceptional items |
|----|--|-----------------------|

L. MEMBERSHIP OF OTHER BODIES

- | | | |
|----|--|---|
| 1. | Authorising applications for the Authority's membership of other bodies. | - |
|----|--|---|

M. MEDIA APPEARANCES

- | | | |
|----|---|--|
| 1. | Authorising representation of the Authority in the media by its officers. | |
|----|---|--|

Delegation

**Authorised
body/officer**

Limit

Regional Delegation

**Authorised
body/officer**

CE

RGM

CE

National Director
in consultation
with Head of PR

RGM in
consultation with
Regional PR
officer

Function

National
Limit

N. INFORMATION SYSTEMS

(pending the development of an
overall IS strategy by the Authority)

- | | | |
|----|---|---|
| 1. | Acquisition of hardware, development of new software, acquisition of propriety package software and acquisition of micro-computer based software. | Over £500,000
Up to £500,000
Up to £100,000 |
| | | Up to £50,000 |

O. EMERGENCIES

Making any necessary arrangements and incurring essential expenditure to deal with emergencies, subject to reporting on action taken as soon as possible.

No limit

<u>Delegation</u>	<u>Limit</u>	<u>Regional Delegation</u>
<u>Authorised body/officer</u>		<u>Authorised body/officer</u>

The Authority	Hardware up to £50,000 p.a.	RGM
---------------	--------------------------------	-----

CE		
----	--	--

TD	Software development up to £20,000 p.a.	RGM
----	---	-----

IS Co-ordinator	Software packages up to £5,000 p.a.	RGM
-----------------	--	-----

National directors	No limit	RGM
--------------------	----------	-----

NATIONAL RIVERS AUTHORITY

CONDITIONS GOVERNING THE COMMITMENT OF EXPENDITURE ON PROJECTS, WORKS & CONSULTANCIES.

AN OPERATIONAL PRECIS, OF THE FINANCIAL MEMORANDUM & SCHEME OF DELEGATION. Schedule 6.

PRIME REQUIREMENTS for ANY expenditure or commitment of Authority funds.						
a.	Full appraisal if over £25k.	d.	Not novel or financially contentious.			
b.	Lowest of competitive tenders is accepted.	e.	Within Budget for year.			
c.	No artificial divisions (so as to lessen controls).	f.	Not involving a Financial Lease.			
g. Project cost rises no more than the lesser of 20% or £12.6k.						
Where all these conditions are met there are the following restrictions:-						
	More than £k.	Less than £k.	Form	Cat.	Notes	Board Report
FLOOD DEFENCE EXPENDITURE						Regional Authority
FLOOD DEFENCE EXPENDITURE	1,000	5,000	A	4	D.F. & T.O.	
FLOOD DEFENCE EXPENDITURE	5,000		A	5	Board Approval	
Non-FLOOD DEFENCE EXPENDITURE - Consultants		250				Regional Authority
Non-FLOOD DEFENCE EXPENDITURE - Projects/Works		250				Regional Authority
Non-FLOOD DEFENCE EXPENDITURE - Consultants	250		A	1	D. of E. Outline	
Non-FLOOD DEFENCE EXPENDITURE - Projects/Works	250	500	A	3	Ch. Executive	
Non-FLOOD DEFENCE EXPENDITURE - I.T. S/ware park.		5	A	3	I.S. Co-ord.	
Non-FLOOD DEFENCE EXPENDITURE - I.T. S/ware devt.		20	A	3	I.S. Co-ord.	
Non-FLOOD DEFENCE EXPENDITURE - I.T. H/ware		50	A	3	I.S. Co-ord.	
Non-FLOOD DEFENCE EXPENDITURE - I.T. Systems		100	A	3	Tech. Director	
Non-FLOOD DEFENCE EXPENDITURE - Cons/Proj./Wks/I.T.	500	2,000	A	1	D. of E. Outline	
Non-FLOOD DEFENCE EXPENDITURE - Cons/Proj./Wks/I.T.	2,000		A	2	D. of E. Full	
Non-FLOOD DEFENCE EXPENDITURE - I.T. Systems	100	500	A	3	Ch. Executive	
Where Form 'A', Cat. 3 (or LOWER) conditions prevail EXCEPT that The Lowest Tender is NOT ACCEPTABLE.						
Preferred outside tender exceed lowest by £5k or more.			B	1	Head Office	YES
Pref. use of In-House Work Force exceeds £50k or the lowest by any amount.			B	2	D. of E.	YES
Preferred consultancy exceeds lowest by any amount.			B	3	Head Office	YES
SINGLE TENDER ACTIONS						
Emergencies (Works or Consultancies)	10		C	1	Head Office	YES
Use of In-House Work Force		50	C	2	Head Office	YES
Specialist Nature or Fixed Price purchases.	15		C	3	Head Office	
All Other S.T.A.s	10		C	4	Head Office	
WHERE PROJECT COSTS RISE						
Project costs rise by:-		12.6				Regional Authority
Project costs rise by:-	12.6	20	6	1	Head Office	
Project costs rise by:-	20		6	2	Board Approval	
OTHER MATTERS						
To write off losses.	ANY		D	1	Head Office	
To write off losses in excess of £1,000	1		D	2	D. of E.	
To make special payments in excess of £1,000	1		F	1	D. of E.	
To make special payments of less than £1,000		1	F	1	Head Office	
To make a gift in excess of £200	0.2		E	2	D. of E.	
To make a gift of less than £200		0.2	F	2	Head Office	
To enter into Leases/Lettings	ANY		H		Head Office & P.S.	
To dispose of Assets (Land)	ANY		I	1	Head Office & P.S.	
To dispose of Assets (Other)	ANY		I	2	Head Office	

NATIONAL RIVERS AUTHORITY
FINANCIAL MEMORANDUM REQUIREMENTS
PROJECTS/WORKS/CONSULTANTS



Form 'A'

No.

Region				Originator	
Project Title				Ref. No.	
				Revenue	
Category	1	2	3	Capital	
Chargeable to Service		%age		Nature of Capital Spend	
Flood Defence				Enforceable	
Water Resources				Levels of Service	
Water Quality				Growth	
Fisheries				Replacement	
Navigation				Efficiency	
Recreation & Conservation					
Total				Total	
Gross Costs		£ K		£ K	
Less	Grants			(Specify)	
	Contributions			(Specify)	
	Other			(Specify)	
	Net Cost				
Income effects of Project					
Summarise Options Considered				NPV/NPC £ K	
Preferred Option					
Outline Consequences of "DO NOTHING" Option					

If Preferred Option not lowest NPV/NPC state reasons behind preferred option

Planned start date

Planned completion date

Where is provision in approved programme. State Years and Values

CERTIFICATE

To the best of my knowledge and belief the information above is
accurate in all respects and sufficient budget provisions exist
to meet the cost of the works/consultancy etc. in the years
relevant to the project

I support the proposed option detailed above.

signed REGIONAL GENERAL MANAGER/DIRECTOR

DATED

signed SUPPORTED HO DIRECTOR

DATED

Approval to proceed given
(Chief executive or Director of Finance)
DATED

NATIONAL RIVERS AUTHORITY
FINANCIAL MEMORANDUM REQUIREMENTS
TENDER PROCEDURES



Form 'B'

No.

Region				Originator			
<u>Preferred Consultancy and in house work force tenders</u> <u>exceeding lowest and other preferred tenders exceeding lowest by £5k</u>							
Project				Ref. No.			
Category				Preferred Tender		£k	
Purpose of the project							
No. of tenders invited		<input type="text"/>		Lowest cost tender £k			
No. of tenders received		<input type="text"/>		Highest cost tender £k			
Justify the use of the preferred tender including explanation of how the additional sum represents value for money.							
Supported by Signature RGM, RM or Director Dated				Approved by: Chief Executive Dated			

NATIONAL RIVERS AUTHORITY
Financial Memorandum Requirements
Tender Procedures



Form 'C'

SINGLE SOURCE TENDERS
AND IN-HOUSE WORKS

No.

Region:		Originator			
Details			Ref. No.		
			Cost Estimate		
Category	1	2	3	4	
<p>REVENUE <input type="text"/> CAPITAL <input type="text"/></p> <p>SPECIFIC BUDGET PROVISION INCLUDED YES NO (RING)</p> <p><u>SAY BRIEFLY WHY YOU CONSIDER A SINGLE SOURCE IS JUSTIFIED</u></p>					
Recommendation: I recommend that approval be given for the above to be purchased by use of a single source tender in the sum of £ R.G.M. Date:			Permission Granted: Approved by Chief Executive: Date:		

NATIONAL RIVERS AUTHORITY

Standard Form for Permission
Under Scheme of Delegation



NRA

Form 'D'

No.

TO WRITE OFF LOSSES

Region:		Originator	
Name of Debtor			Sum
When the Debt Occurred			
How the Debt Occurred			
Who was Primarily Responsible			
Is there suspicion of fraud ?			
Was the loss caused by Neglect?			
What steps are necessary to prevent a re-occurrence			
Any other RELEVANT information			
CONCLUSION			
Recommendation: I recommend that this course of action be supported and permission be granted R.G.M. Date:		Permission Granted: Approved by Director of Finance: Date:	

NATIONAL RIVERS AUTHORITY

Standard Form for Permission

Under Scheme of Delegation

TO MAKE SPECIAL PAYMENTS

IN EXCESS OF £1,000 AND GIFTS

IN EXCESS OF £200

**NRA****Form 'E'**

No.

Region:		Originator	
Name of Recipient		Sum	
The Nature of the Payment			
Frequency of the Payment (eg. monthly/yearly)			
What will it achieve for the Authority?			
Is it value for money?			
Any other RELEVANT Information			
CONCLUSION			
Recommendation: I recommend that this course of action be supported and permission be granted R.G.M. Date:		Permission Granted: Approved by Director of Finance: Date:	

NATIONAL RIVERS AUTHORITY

Standard Form for Permission
Under Scheme of Delegation

**TO MAKE SPECIAL PAYMENTS
AND GIFTS**

**NRA****Form 'F'**

No.

Region:		Originator	
Name of Recipient		Sum	
The Nature of the Payment			
Frequency of the Payment (eg. monthly/yearly)			
What will it achieve for the Authority?			
Is it value for money?			
Any other RELEVANT Information			
CONCLUSION			
Recommendation: I recommend that this course of action be supported and permission be granted R.G.M. Date:		Permission Granted: Approved by Director of Finance: Date:	

NATIONAL RIVERS AUTHORITY
Standard Form for Permission
Under Scheme of Delegation - Para B6



NRA

Form 'G'

No.

TO EXCEED A BUDGETTED PROJECT SPEND
(By more than the lesser of 20% or £12.5k)

Region:		Originator		
Project Name				
Background				
Original/Last Revised Budget for this project received approval on				
In the sum of				
Time and/or circumstances have dictated that this value is now insufficient				
Price Index at time of Approval was				
Price Index now is (or, at mid-point of project, is likely to be)				
DETAIL:-				
Item on Specification	Original Cost	Inflation Index	Extra Work	New Total
Civil Cont. 1				
Civil Cont. 3				
Civil Cont. 2				
Civil Cont. 4				
Minor Contracts				
Survey/Investigations				
Design				
Compensation/Royalties				
Contingencies				
Consultants				
In-house team				
TOTALS				
SUMMARY AND SUPPLICATION				
Approval is sought to overspend by a total value of £ k, (%)				
Extra work (not originally known to be necessary) value £ k, (%)				
and Price Indexation value £ k, (%)				
APPROVALS				
We recommend that this course of action be supported				
R.G.M.	Technical Director		Finance Director	
Date:	Date:		Date:	

NATIONAL RIVERS AUTHORITY
Standard Form for
APPROVAL OF LETTINGS



Form 'H'

No.

Region				Site/Premises			
Let/Relet		By				To	
NEW	OLD	LEASE	RENTAL AGREEMENT	RENEWAL			
Background							
EXISTING AGREEMENT				NEW AGREEMENT			
Drawn up				Drawn up			
Expired				Expired			
consideration		£		consideration		£	
Review/Rests				Review/Rests			
REASON FOR RENEWAL:-				RECOMMENDATION & REASONS FOR ACCEPTANCE/ PROMOTION OF ABOVE LETTING:-			
APPROVALS							
Regional Solicitor				Principal Solicitor			
Date:				Date:			
R.G.M.				Finance Director			
Date:				Date:			

NATIONAL RIVERS AUTHORITY
Standard Form for
DISPOSAL OF ASSETS



Form 'I'

No.

Cat. 1

Cat. 2

Region		Originator	
PERMISSION IS SOUGHT TO DISPOSE OF THE FOLLOWING ASSETS			
Background			
Asset Description	Cost	Depreciation	N.B.V.
It may be convenient to use this form as a summary Total £			
STEPS TAKEN TO ENSURE THAT THE BEST POSSIBLE PRICE IS OBTAINED FOR THE ASSETS			
Sale by Private Treaty		YES or NO	
If 'YES' attach Valuation by an independent (and suitably qualified) 3rd party			
Sale by Public Auction		YES or NO	
If 'YES' attach details of reserves			
Sale by other means		YES or NO	
If 'YES' attach full details			
APPROVALS			
Regional Solicitor		Principal Solicitor	
Date:		Date:	
R.G.M.		Finance Director	
Date:		Date:	
Category - 1 = Land and Buildings Legal Department approval is required			
Category - 2 = Other Legal Department approval is NOT required			

Please always attach backup. It helps your case and speeds up a decision.



NATIONAL RIVERS AUTHORITY

FINANCE MANUAL

C. Guidance on Purchasing Policy

The document in Section C essentially provides guidance on tendering arrangements for the purchase of goods, services and equipment, the engagement of contractors for construction and for the installation and/or supply of electrical, mechanical or ICA plant, pending the introduction of mandatory policies.

N R A

GUIDANCE ON PURCHASING POLICY TO BE ADOPTED BY NRA REGIONS FROM 1st SEPTEMBER 1989

1.SCOPE

The instructions apply to:

the purchase of goods, services and equipment, the engagement of contractors for construction and for the installation or supply and installation of items of electrical, mechanical or ICA plant.

They will not apply to the provision of consultancy services.

2.DEFINITIONS (QUOTATIONS AND TENDERS)

It is generally accepted that Quotations are subject to the Seller's Conditions of Sale and that tenders are based on the Buyer's Conditions of Purchase. Tenders are better protective of the NRA's interests and shall be used in the majority of commercial transactions under strict competitive conditions. Quotations may be accepted for transactions less than £50,000 where it is accepted that the use of quotations may be more practicable.

3.TENDER DOCUMENTS

Tender documents used for contracts between the NRA and its suppliers, manufacturers or contractors shall contain Conditions of Contract appropriate to the services required. Normally the NRA's Standard Conditions of Contract for Purchasing or nationally accepted Conditions of Contract for construction and installation work shall be used; these will be subject to amendment from time to time by either the Tender Board or at a National level.

4.SPECIFICATIONS.

Specifications should adequately describe the items for purchase, or construction and require that they should be fit for the purpose intended.

5. SELECTION OF TENDERERS

5.1 Number of Invitations

The NRA will be committed to competition and therefore a minimum of THREE invitations will be required for each transaction covered by the procedures for obtaining goods and services by Quotation (see flowchart Appendix 1). For goods and services and construction works in excess of £50,000 and less than £250,000 then a minimum of FOUR invitations will be required , and over £250,000 but less than £1 million a minimum of SIX invitations (See flowchart Appendix 2).

5.2 Lists of Suppliers and Contractors

For construction and some electrical and mechanical items, Standing Lists of suppliers and contractors may be maintained for repetitive types of work. Registration and removal of each firm will be approved from time to time by the Tender Board and all Standing Lists should be reconstituted after a reasonable period of time - suggested five years.

5.3 Criteria for Selection

With selective tendering some pre - qualification of the supplier or contractor is normally required to assist in compiling a list of firms qualified to receive invitations to tender. Contractors/Suppliers invited to pre-qualify should be asked to submit details of their experience relevant to the particular type of work in the location or circumstances applying. The factors considered should be assessed under the following three headings:-

(a) The contractor's/suppliers financial standing. Whether the firm is financially stable. Such assessment normally includes examination of Annual Reports, or a letter or a confidential report from the firm's bank. This information could be gleaned by using one of the numerous Company Searchline facilities. (Guidance to be confirmed by the Director of Finance).

(b) Technical and Organisational ability. Whether the firm has adequate capacity and ability to undertake the works at the time in question. Enquiries made of other Employers or Engineers may assist in assessing this aspect of the firm based on past experiences.

(c) General experience and performance record. Whether the firm has had sufficient experience in the particular type and magnitude of works and has a satisfactory performance reputation. This information is best acquired by interviewing the contractor rather than relying on published documents or the views of others.

NOTE: The extent to which contractors/suppliers should be asked to pre - qualify should depend on the nature of the work and the knowledge that is already available to the Engineer/Employer. Contractors whose qualifications and past performance records are already well known should not be required to pre-qualify on every occasion. Selection procedures for repetitive types of work should allow for tenderers to be chosen partly by rotation and partly by their record of success in submitting competitive tenders.

5.4 Authorisation of Lists of Tenderers

Lists of tenderers for values in the range £50,000 - £1 Million will be maintained at a Regional level. National lists will be maintained under the direction of the Director of Technical Services for contracts in excess of £1 Million, in consultation with the Director of Finance on assessment of financial standing.

5.5 European Commission Requirements

Selection of tenderers on projects which are funded by the European Commission through grants or loans must allow for the use of non-UK firms by the advertising of the project in the Supplement to the EC Official Journal. Advertising is mandatory if the contract exceeds the following limits:

£142,000 for goods and services and £710,000 for Works.

5.6 Invitation and Receipt of Tenders

For the procurement of goods, supplies and equipment the invitation to tender will normally be made by the Chief Purchasing Officer or similar person. For other construction and installation works the invitation to tender will be made by the user.

Tenders shall be opened by any two persons selected from a list of senior staff nominated by the Tender Board.

Except in the following circumstances tenders received after the due date and time are invalid and should not be considered:

(a) if a cable or telex stating the tender sum is received on time, and

(b) if there is clear evidence, (eg a postmark), that the complete tender document had been despatched within a sufficient margin of time to pre-suppose its due arrival.

If it is decided not to accept a late tender, it should be returned immediately to the contractor with a covering letter explaining why it has not been admitted. These instances should be reported to the Tender Board.

5.7 Consideration of Tenders

No tender should be amended or varied after receipt except to correct arithmetical errors. Tenders should be compared, as far as practicable, on the same basis. However where a detailed specification is impracticable and a choice has to be made between a number of variations, then the appropriate Manager may authorise variations to the tender and shall record and endorse the reasons. Summary reports of such action should be presented to the Tender Board.

5.8 Acceptance of Tenders

Competitive tendering to a common specification will normally result in awarding the contract to the tenderer who submits the lowest price and this should be normal practice. Where the accepted tender is not the lowest, the User should record and endorse the reasons. Reports of such instances should accompany the award recommendation when submitted to the Tender Board for approval.

Reports on tenders up to £1 Million shall be submitted to the appropriate Regional Tender Board. (see flowchart Appendix 2).

Reports on tenders greater than £1 Million shall be submitted to the Technical Director for assessment by designated officials. (see flowchart Appendix 2).

The user Manager will notify successful and unsuccessful tenderers in writing. The latter will also be informed of the name of the successful tenderer and the tender total.

Insurances and Bonds should be checked before work commences and where required a Bond should be secured by the Insurance Officer or person responsible for Insurance matters.

6. ADMINISTRATION AND REPORTING

Accounts shall be authorised promptly and payment shall be made within the terms of the particular contract.

Payments should be made by the Financial Services Manager only on receipt of properly authorised documentation. Records should be maintained for:

- (a) the authorisation of the expenditure.
- (b) payments due and made under the terms of the contract
- (c) additional and/or exceptional expenditure

Construction contracts which are not "fixed price" should have their expenditure controlled through a Report Limit which could be the tender total plus either 10% or £100,000, whichever is the smaller.

The Report Limit should be calculated on the assumption that the tender total includes contingencies to a value of 10% of that sum. If the actual value of the contingencies is more than 10% then the excess should be deducted from the tender total and the lower sum used in the calculation of the report limit.

As soon as it is anticipated that actual costs less any cost arising from national price fluctuation may exceed the report limit the appropriate user Manager should report the circumstances to the Tender Board. Any new sum approved by the Tender Board should be used instead of the tender total as the base for the calculation of a revised Report Limit which thereafter should be subject to the application of this expenditure control.

Reports of over-expenditure on a contract should form the basis for the estimated out-turn of the project to which it relates and the effect upon any benefit/cost criteria used for the project's justification.

The Chief Internal Auditor may arrange for the examination of interim or final accounts for any purchase, service or construction contract. Responsible Managers should investigate and provide explanations to all reasonable enquiries which the Chief Internal Auditor considers are necessary for establishing the accuracy and propriety of the transaction.

7. PERFORMANCE REVIEW

On completion of each contract two assessments should be made:

(1) The final scheme cost

For comparison with any benefit/cost criteria used as a reason for the scheme and also as a feedback for future estimating (this may need to cover a number of relevant "unit" rates within the contract).

(2) The performance of the contractor

In the case of poor performance under any of the heads used as acceptance criteria to be on a list for invitation to tender a report on such poor performance should be considered by the Tender Board. The Tender Board will then decide whether the contractor should still be allowed on the relevant list.

8 TENDER BOARD

(1) Formation

The Tender Board in each region shall be formed from the Regional Management Team together with designated second tier managers. A quorum shall consist of three managers which must include either the RGM or Regional Finance Manager.

In addition to the administrative functions outlined in para (3) below, the Tender Board will also perform a necessary audit role in protecting any one individual from any possible criticism in the operation of the tendering process itself.

(2) Meetings

The Tender Board shall be available to meet at whatever frequency is decided by the RMT to avoid undue delays in contract administration. A designated officer shall take and record minutes of all meetings and issue all agendas, papers etc.

(3) Role

The role of the Tender Board is:

- (a) To receive reports with recommendations on all aspects of allocation of work by contract.

- (b) To approve any recommendations for a specific contractor to be placed on any list.
- (c) To approve lists of contractors to be invited to tender for specific contracts.
- (d) To confirm acceptance of lowest tender awards
- (e) To decide on recommendations to accept any other than lowest tender, up to a specified amount, and above that amount refer their recommendation to the Technical Director for decision at National Level. (Such decision at National Level also being made by a group of not less than three Directors, including either the Chief Executive or Director of Finance).
- (f) To receive reports with recommendations on overspend (above Report Level) and decide on action.
- (g) To receive reports with recommendations on claims in contracts and confirm decisions
- (h) To receive reports with recommendations on any proposal to work outside these rules eg. accept single quotes or tenders above specified amounts; to invite less than the minimum number of tenderers if circumstances justify that action; to receive quarterly reports of all matters not fully complying with procedure.

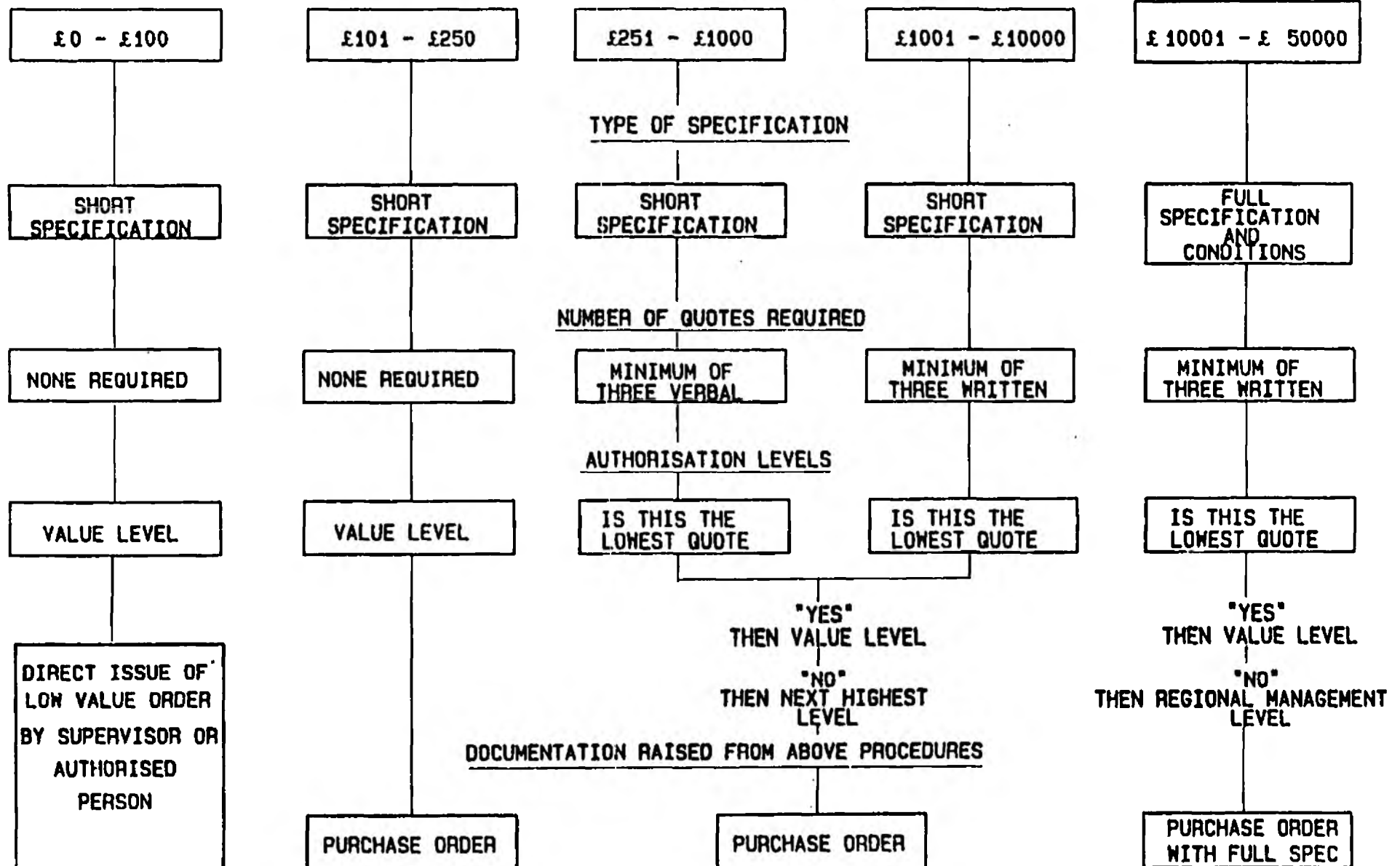
9 OPENING TENDERS

Tenders shall always be opened within 1 hour of their required time of delivery or submission. Opening shall be carried out in the presence of any two designated first or second tier managers who shall sign and date any covering letter and the Tender summary page of all tenders opened.

TSC GROUP/DR/25/07/89

PROCEDURES FOR OBTAINING GOODS & SERVICES BY QUOTATION
(IE OUTSIDE FULL TENDERING PROCEDURES)
VALUE RANGE OF GOODS & SERVICES

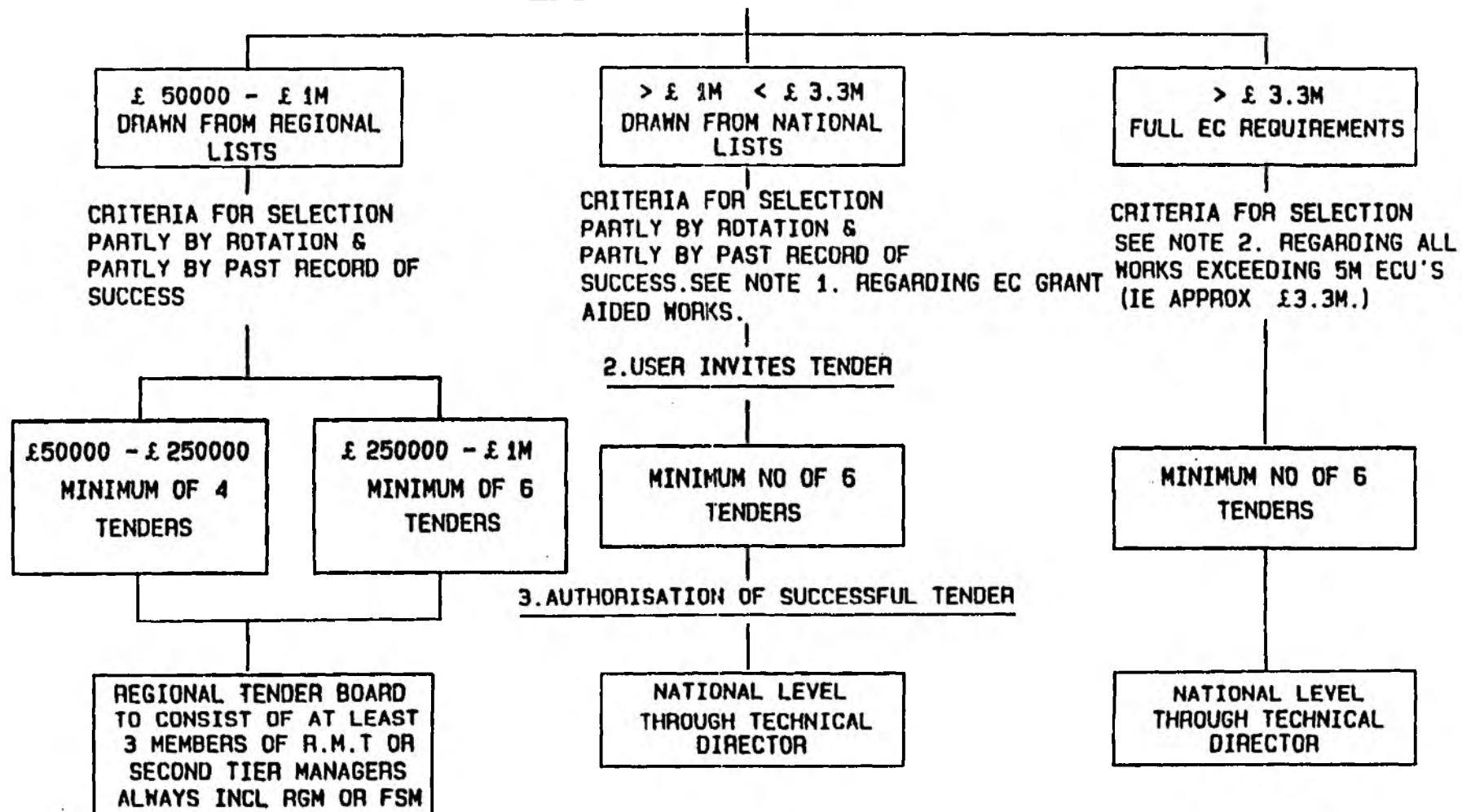
APPENDIX 1



PROCEDURES FOR THE PROCUREMENT OF WORKS
OF CONSTRUCTION, ELECTRICAL & MECHANICAL & ICA

APPENDIX 2

1. USER REQUESTS LIST OF TENDERERS



NOTE 1. ANY WORKS CURRENTLY IN EXCESS OF £ 710000 AND FUNDED BY EC GRANT AID OR LOANS HAS TO BE ADVERTISED IN THE SUPPLEMENT TO THE EC OFFICIAL JOURNAL.

NOTE 2. THERE IS AN EC DIRECTIVE CURRENTLY BEING PROCESSED WHICH WILL REQUIRE ALL WORKS IN EXCESS OF £ 3.3M TO BE ADVERTISED WITHIN THE EC REGARDLESS OF ANY FUNDING BEING AVAILABLE.

NOTE 3. THIS TENDERING PROCEDURE IS SUBJECT TO THE FINANCIAL CONTROLS SPECIFIED IN SECTIONS 'A', 'D', AND 'E' OF THE SCHEME OF DELEGATION AND ALSO SUBJECT TO SCHEDULE 6 OF THE FINANCIAL REGIMEN.

TSC GRP/DR/25/07/89