

Financial Delegation Policy and Practice Document for Reserved Matters under the Articles of the Company.

V1. Dated: July 2022

Interpretation

1. The Articles of Association of Advance Northumberland Ltd and its subsidiaries (each being “the Company” as the case may be) dated July 2022 (“the Articles”) reserve certain matters for prior approval to the Shareholder pursuant to Article 7(1) and as set out in Schedule 1 of the Articles as “Reserved Matters” unless such matter is already included within an approved Business Plan.
2. In order to assist the administration of the Company and minimise the need for administrative matters Northumberland County Council (“the Shareholder”) has issued this Financial Delegation Policy and Practice Document for Reserved Matters under the Articles of the Company and to confirm the levels of authority that the Shareholder agrees are appropriate to be delegated within the Company (“Financial Delegation Policy”).
3. This is a Relevant Agreement under the Articles.
4. All Reserved Matters require the prior approval of the Shareholder which shall be dealt with under the Request and Response Process set out below.
5. Reference is made in the Articles and in this document to a “Financial Threshold”. The “Financial Threshold” is intended to reflect a level of financial transaction for the Company below which the Shareholder would consider to be usual in the course of business and would not require prior specific consent based on financial level of transaction alone.
6. The Shareholder - by way of written notice given to the Company by any of the Controlling Shareholder Representative, the s151 Officer of the Council or Monitoring Officer - may set a Financial Threshold or varying Financial Thresholds for specific matters which may be varied or revoked at any time upon written notice.
7. The initial Financial Threshold shall be £250,000.

8. In the event of there being any question surrounding the need for prior consent of the Shareholder, then the Chief Operating Officer or any Board Director of the Company shall make a written request by email or letter for a determination, acting at all times reasonably and using their professional judgement as to the materiality or potential materiality of the matter, to the s151 Officer of the Council, or in their absence the Monitoring Officer, who shall respond in accordance with the Request and Response Process set out below and whose decision on the matter shall be final.
9. Unless and until a Business Plan is approved by the Shareholder that covers specific items for approval, the following levels of general authority and delegation shall be granted to the Company's Board and senior Officers and are approved by the Shareholder as set out below.
10. There are two sections set out below. Section A lists more usual operational matters which may include delegated authority to Company staff as well as matters that require Board and Shareholder Reserved Matter approval. Section B lists all of the Reserved Matters as they appear in the Schedule 1 of the Articles and which must have both Board and Shareholder approval prior to execution.
11. The entries denoted by a tick ✓ in the tables below indicate the level of authority required for approval and / or execution by the Company of the relevant transaction or item.
12. Entries denoted by an asterisk * in the tables below indicate that prior approval of Northumberland County Council as Shareholder is required as a "Reserved Matter" under the Articles but **is deemed by this Financial Delegation Policy to have received prior consent if the transaction or directly connected series of transactions is below the Financial Threshold**. If such transaction or directly connected series of transactions is equal to or greater than the Financial Threshold then prior Shareholder approval must be separately requested and can only be effected by the Board, once specific consent has been given by the Shareholder.

Request and Response Process - for seeking and granting specific prior approval of Reserved Matters

13. Where the prior approval of the Shareholder of a Reserved Matter is required, or where a determination as to the need for actual prior consent of the Shareholder is sought then the Chief Operating Officer or any Board Director of the Company shall, by email or letter headed “Reserved Matter Consent” and addressed to the Shareholder Representative and the Council’s s151 Officer:
 - a. state the nature of the matter for which prior consent is requested,
 - b. give the reasons for seeking and justifying approval,
 - c. confirm that Board approval has either been given, subject to the Reserved Matter consent, or is being sought simultaneously, and
 - d. confirm the level of urgency required, whether:
 - i. Emergency Level,
 - ii. Urgent Level or
 - iii. Standard Level.

14. The Shareholder shall respond as follows:
 - a. For Emergency Level Requests, the Shareholder Representative or the s151 Officer of the Council shall respond within two working days and either:
 - i. approve the request,
 - ii. decline the request or
 - iii. ask for any further details from the Chief Operating Officer of the Company, following the receipt of which from the Company, the Shareholder Representative or the s151 Officer of the Council shall respond within two working days and either:
 1. approve the request,
 2. decline the request or

3. invite the Directors of the Company to convene a General Meeting of the Company to discuss the matter.
- b. For Urgent Level Requests, the Shareholder Representative or the s151 Officer of the Council shall respond within five working days and either:
 - i. approve the request,
 - ii. decline the request or
 - iii. ask for any further details from the Chief Operating Officer of the Company, following the receipt of which from the Company, the Shareholder Representative or the s151 Officer of the Council shall respond within two working days and either:
 1. approve the request,
 2. decline the request or
 3. invite the Directors of the Company to convene a General Meeting of the Company to discuss the matter.
- c. For Standard Level Requests, the Shareholder Representative or the s151 Officer of the Council shall respond within ten working days and either:
 - i. approve the request,
 - ii. decline the request or
 - iii. ask for any further details from the Chief Operating Officer of the Company, following the receipt of which from the Company, the Shareholder Representative or the s151 Officer of the Council shall respond within five working days and either:
 1. approve the request,
 2. decline the request or

3. invite the Directors of the Company to convene a General Meeting of the Company to discuss the matter.

15. Whilst the response of any of the Shareholder Representative or the s151 Officer of the Council shall be valid, the intention shall be for the decision and response to be taken and given in the following order wherever possible:
 - a. by the Shareholder Representative following consultation with the s151 Officer of the Council if available;
 - b. if the Shareholder Representative is unavailable for whatever reason then the decision and response shall be taken and given by the s151 Officer following consultation with the Monitoring Officer or one other Executive Director of the Council if available.

16. The authority and delegations approved by the Shareholder under this Financial Delegation Policy may be amended or terminated at any time upon immediate notice given by any written means to the Directors and senior Officers of the Company by the Shareholder Representative, s151 Officer of the Council or the Monitoring Officer.

17. To facilitate use, the relevant clause number from Schedule 1 of the Articles is stated beside each of the Operational Matters listed in Section A that require Reserved Matter approval. However, in the event of any apparent conflict Section B shall apply and take precedence at all times, and if specific clarification is needed, please refer to Paragraph 8 above.

Area of Responsibility	Reserved Matter	Board	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
A – Operational Matters								
1) Policies and plans								
Approval & amendment of all Company financial policies (e.g. Standing Financial Instructions, Procurement Policy, Schedule of Delegation, Debt Recovery Policy etc.)	✓ _{5, 6}	✓						
Approval of non-financial policies		✓						
Approval & amendment of the Corporate/Annual Business Plan and Budget for the year.	✓ ₅	✓						
Approval & amendment of Medium-Term Financial Plan	✓ ₅	✓						
Sign off and allocation of individual budgets and adjustments for the financial year across the Group			✓	✓	✓			
Overall change in the Medium-Term Financial Plan	✓ ₅	✓						
2) New projects and project development costs								
Approval of PIDS between Shareholder and Advance Northumberland Group Company		✓	✓	✓				

Area of Responsibility	Reserved Matter	Board	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
Approval of new projects that involve the use of Advance Northumberland's equity, borrowing (including external grant applications if the grant is >£250,000) and/or the acquisition of assets	✓* ₅	✓						
Approval of any other projects that do not fall into the above category and/or pre-development expenditure. <i>(Note if there is any potential reputational risk to the organisation these must also be approved by Board and Shareholder Representative).</i>			✓	✓				
Approval for "at risk" project initiation and development costs, subject to a limit of £10,000 per project and subject to a maximum of 5 projects ongoing at any one time across the Group.	✓* ₅		Executive Director / Managing Director & Chair together					
3) Signing of documents								
Signing of Grant Funding Agreements where Advance Northumberland are the grant giving body	✓* _{5,7}	✓	✓	✓	✓			

Area of Responsibility	Reserved Matter	Board	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
Signing and execution of all contracts, leases, authorisation for sale and legal documents as approved by Board or under this Financial Delegation Policy.		Can only be signed by Board Director or Officer under valid Power of Attorney: can be counter-signed by Company Secretary						
Exception of the above: Signing of Housing Tenancy Agreements but only within the normal range of rental value			✓	✓	✓	Head of Estates or Director of Development only	Homes Manager only	
Exception of the above: Signing of market rate Occupational Lease, Tenancy or Licence not exceeding 3 years and maximum annual rent of £10,000 and only within the normal range of rental value			✓	✓	✓	Head of Estates or Director of Development only	Commercial/Homes Manager only	Workspace Manager (limited to £3,000 pa rent)
4) HR Matters								
Appointment of a Board Director, Managing Director, Chief Operating Officer, Chief Finance Officer or Company Secretary	✓ ₈	✓						
Carry out the appointment of new employees of the Company (except the above) within the agreed budget limits and the Company policies and procedures.			✓	✓	✓	✓		✓

Area of Responsibility	Reserved Matter	Board	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
Carry out disciplinary or suspension proceedings of Board Director, Managing Director, Chief Finance Officer, Chief Operating Officer or Company Secretary and other employee matters in accordance with employee terms of contract and Company policies and procedures		✓	✓ unless their own	✓ unless their own				
Carry out the dismissal of a Board Director, Managing Director, Chief Operating Officer, Chief Finance Officer or Company Secretary	✓ ₈	✓						
Authorised to sign employment contracts			✓	✓	✓	(HR Manager)		
Authorised to sign employment contracts for employees within their management area and budgetary control			✓	✓	✓	✓		
Approval of career pathway		✓	✓	✓	✓	✓		
Authorise all employee-related expenses to be paid through payroll (e.g. employee's overtime, special allowances, travel expenses, etc.) for any part of the organisation.			✓	✓	✓			

Area of Responsibility	Reserved Matter	Board	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
Authorise all employee-related expenses to be paid through payroll (e.g. employees' overtime, special allowances, travel expenses, etc.) for budgets for which the signatory has responsibility either directly or through line management of the budget holder			✓	✓	✓	✓		✓ Line Manager
Approve pay structures, associated increases and cost of living pay awards	✓ ₉	✓	following recommendation by Remuneration and Nominations Committee					
Approve increases to pension contributions made by the Company	✓ ₉	✓						
Approval for recruitment and renewal of consultants	✓* ₈		✓					
Except from the above: Approval of all other employee related agreements or legally binding contracts	✓* ₉	✓	following recommendation by Remuneration and Nominations Committee					
5) Financial management								
Sign off Final Accounts		✓						
Set up permissions within finance system for the raising and authorisation of payments and other access to the system			✓	✓	✓			

Area of Responsibility	Reserved Matter	Board	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
Authorise and confirmation of Company payroll			✓ up to £500,000	✓ up to £300,000	✓ up to £300,000			
Authorise and confirmation of BACS			✓	✓	✓			
Raising sales invoices and credit notes (up to £5,000) in the Accounts Receivable ledger within QL		Can only be raised by the Finance Team & Property and Tenancy Executive (in relation to garage rents and tenant repairs only).						
Raising credit notes above £5,000 in the Accounts Receivable ledger within QL			✓	✓	✓			
Approve and write off bad debts accruing to the Group	✓* ₆	✓						
Authorise items for disposal in accordance with the disposal policy (based on book value to Advance Northumberland) save for sale of residential property in the ordinary course of business at market value as covered by Section 6	✓* ₅	✓	Up to £100,000	Up to £50,000	Up to £5,000			
Delegation of role as Budget Holder or Senior Manager within cost centres in their area of control		✓	✓	✓	✓	✓		
6) Leases, Tenancies, Sales of Land & Residential Property								

Area of Responsibility	Reserved Matter	Board	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
Approve new or renewed lease / tenancies / licence at market rent and normal terms not exceeding 3 years and maximum annual rent of £10,000			✓	✓	✓	Head of Estates or Director of Development only	Commercial/Homes Manager	Workspace Manager (limited to £3,000 pa rent)
Approve new or renewed lease / tenancies / licence at market rent and normal terms			✓	✓	✓			
Approve payment plans where arrears collected before the end of the lease/tenancy.			✓	✓	✓ can delegate authority for up to £500 arrears per debtor			
Approve sales of residential property in the ordinary course of business at market value and in accordance with project target price			✓	✓				
Approve sales of residential property in the ordinary course of business at market value but below project target price		✓	✓	✓				
Approve sales of investment property or development land	✓* 4, 5	✓						
7) Purchases of goods, services and works								
Approval of Supplier Requests through to payment via QL's Purchase to Pay System								

Area of Responsibility	Reserved Matter	Board	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
Up to £1,000 within cost centres in their area of control			✓	✓	✓	✓	✓	✓
Up to £5,000 within cost centres in their area of control			✓	✓	✓	✓	✓	
Up to £20,000 within cost centres in their area of control			✓	✓	✓	✓		
Up to £100,000 for any cost centre			✓	✓	✓			
Up to £250,000 (with signed approval by the Chair or any two Board Directors)			✓					
Over £250,000 if in the ordinary course of business		✓						
Over £250,000 if not in the ordinary course of business	✓* ₅	✓						
To authorise approval of orders for immediate goods, works or services required to resolve immediate H&S risks (e.g. imminent threat to life or limb) or to authorise the closure a building, office or construction site to resolve immediate H&S risks. Then retrospective approval in line with the above limits.		✓	✓	✓		✓		

Area of Responsibility	Reserved Matter	Board	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
To authorise approval of invoices relating to the closure of a building, office or construction site other than for immediate H&S risk resolution.	✓* ₅	✓						
Approval of Invoices (where supplier requests are not required e.g. legal requirement such as Council Tax)								
Up to £1,000 within cost centres in their area of control			✓	✓	✓	✓	✓	✓
Up to £5,000 within cost centres in their area of control			✓	✓	✓	✓	✓	
Up to £20,000 within cost centres in their area of control			✓	✓	✓	✓		
Up to £100,000 for any cost centre			✓	✓	✓			
Over £100,000 for any cost centre			✓					
Up to £250,000 (with signed approval by the Chair or any two Directors)			✓					
Over £250,000 if in the ordinary course of business		✓						

Area of Responsibility	Reserved Matter	Board	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
Over £250,000 if not in the ordinary course of business	✓* ₅	✓						
To authorise approval of orders for immediate goods, works or services required to resolve immediate H&S risks (e.g. imminent threat to life or limb) or to authorise the closure a building, office or construction site to resolve immediate H&S risks. Then retrospective approval in line with the above limits.		✓	✓	✓		✓		
To authorise approval of invoices relating to the closure of a building, office or construction site other than for immediate H&S risk resolution.	✓* ₅	✓						
8) Health & Safety								
Authorise closure of a building, office or construction site other than for immediate H&S risk resolution (e.g. imminent threat to life or limb).	✓* ₅	✓						
Authorise temporary closure of a building, office or construction site or any emergency action to resolve immediate H&S risks (e.g. imminent threat to life or limb).		✓	✓	✓	✓	✓	✓	✓

Area of Responsibility	Reserved Matter	B o a r d	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
B - All Reserved Matters The following are the fully reproduced Reserved Matters from the Schedule 1 to the Articles of Association and cannot be carried out without the prior written consent of the Controlling Shareholder unless already approved by the current approved Business Plan:								
1) - Articles								
a. Any variation of the Articles of the Company or Group;	✓							
2) - Shareholding								
a. Any variation relating to shares, including the number of and rights attached to shares in the Company or Group;	✓							
b. Permitting the registration of any person as a member of the Company or Group;	✓							
c. Approval of the Dividend Policy (and any changes thereto) of the Company or Group;	✓							
d. Making or paying any dividend or distribution;	✓							
e. Applying for the listing or trading of any shares or debt securities on any stock exchange or market;	✓							

Area of Responsibility	Reserved Matter	B o a r d	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
g. Forming any subsidiary or acquiring shares in any other Company or participating in any partnership or joint venture (incorporated or not);	✓							
3) – Governance								
a. Alterations to the name or registered office of the Company;	✓							
b. Changing the financial year-end;	✓							
c. The appointment or replacement of Auditors;	✓							
d. Altering the mandate (ie authorised signatories) with the Bank;	✓							
e. Authorisation of any Conflict in accordance with Article 19.4 where the Conflict concerned arises as a result of the Director concerned (or a person connected with him (as defined in section 252 of the Act)) benefitting (monetary or otherwise) from the relevant proposed transaction or arrangement.	✓							

Area of Responsibility	Reserved Matter	B o a r d	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
f. Passing any resolution for the winding up or presenting any petition for the administration (unless it has become insolvent) of the Company;	✓							
g. Implementation or variation of any treasury policies, including foreign currency exposure;	✓							
h. Entering into any arrangement, contract or transaction which the Directors believe would otherwise be a breach of their duties to the Controlling Shareholder due to a genuinely held concern as to a negative impact on the Shareholder's statutory functions, commercial interests or reputation;	✓							
i. Approval of a subsidiary Relevant Agreement;	✓							
4) – Business Area								
a. Changing the nature of the Company's business;	✓							
b. Extension of the Company's or Group business into major business or geographic areas;	✓							

Area of Responsibility	Reserved Matter	B o a r d	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
c. Any decision to cease to operate all or any material part of the Company's or Group business;	✓							
5) – Business Operations & Plans								
a. Approval or amendment of a scheme of delegation identifying the level of authority for all Directors, officers and employees of the Company and Group;	✓							
b. Approval or amendment of the Business Plan of the Company or Group in any financial year;	✓							
c. Approval or amendment of the Procurement Policy & Procedure / Protocol;	✓							
d. Carry out any procurement exercise and / or contract award that is not in conformity with the Procurement Policy & Procedure / Protocol;	✓							
e. Approval of projects or activities that are neither covered by an approved Business Plan nor by the approved scheme of delegation;	✓							
f. Approval of projects that involve the receipt of grant funding above the Financial Threshold;	✓							

Area of Responsibility	Reserved Matter	B o a r d	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
g. Giving notice of termination of any arrangements, contracts or transactions which are material in the nature of the Company's business, or materially varying any such arrangement, contracts or transactions;	✓							
h. Entering into contracts which are not in the ordinary course of the business or varying an existing contract to an extent which takes it outside the scope of the ordinary course of business;	✓							
i. Authorising suspension or closure of a building, office or construction site other than for imminent health and safety threat to life or injury;	✓							
6) – Finance								
a. The entry into loan facilities, debt financing, sale and lease financing arrangements;	✓							
b. The establishment of credit limits for the placing of deposits with individual financial institutions;	✓							
c. Writing off bad debts accruing or owed to the Company or Group by any single entity in any Financial year above the Financial Threshold;	✓							

Area of Responsibility	Reserved Matter	B o a r d	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
7) – Security								
a. Creating or granting any encumbrance over the whole or any part of the Company's or Group's business, undertaking or assets or over any shares in the Company or agreeing to do so;	✓							
b. Issuing any loan capital in the Company or Group or entering into any commitment with any person with respect to the issue of any loan capital;	✓							
c. The giving of guarantees, indemnities, financial letters of comfort or granting any credit, other than in the normal course of trading and below the Financial Threshold;	✓							
d. Making any external loan (otherwise than by way of deposit with a bank or other institution the normal business of which includes the acceptance of deposits or in the ordinary course of business);	✓							
8) – Appointments & Removals								
a. Material changes to the management and control structure of the Company or Group;	✓							

Area of Responsibility	Reserved Matter	B o a r d	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
b. Appointment and dismissal of Directors (including non-executive Directors) of the Company;	✓							
c. Appointment and dismissal of the Company Secretary;	✓							
d. Appointment to and dismissal from the senior management positions of Managing Director, Chief Operating Officer or Chief Finance Officer, however titled;	✓							
e. Approving the recruitment and remuneration of Consultants ;	✓							
9) – Remuneration & Benefits								
a. Entering into an agreement or arrangement with any Director for his/her employment by the Company or for the provision by him or her of any services outside the scope of the ordinary duties of a Director.	✓							
b. Agreeing the remuneration package (by payment of fees, the provision of benefit-in-kind or otherwise and any changes thereto) of Directors, officers or the senior management positions of Managing Director, Chief Operating Officer or Chief Finance Officer, however titled;	✓							

Area of Responsibility	Reserved Matter	B o a r d	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
c. Establishing or amending any profit sharing, share option, bonus or other incentive scheme of any nature for Directors, officers or employees;	✓							
d. Approving pay structures, associated increases and cost of living pay awards;	✓							
e. Establishing or amending any pension and other benefit scheme for any Director, officer, employee, former Director, officer or employee, or any member of any such person's family;	✓							
f. Other than in accordance with the approved pension or other benefit scheme, granting differing or bespoke rights to any Director, officer, employee, former Director, officer or employee, or any member of any such person's family;	✓							
g. Approving increases to pension contributions made by the Company;	✓							
h. Approving any provisions for employees upon the cessation of the Company or Group;	✓							
10) – Legal								

Area of Responsibility	Reserved Matter	B o a r d	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
a. Instituting any legal proceedings, other than: i. debt recovery proceedings in the ordinary course of business ii. possession proceedings in the ordinary course of business.	✓							
b. Settling or compromising any legal proceedings instituted or threatened against the Company or submitting to arbitration or alternative dispute resolution any dispute involving the Company, other than: i. debt recovery proceedings in the ordinary course of business; ii. possession proceedings in the ordinary course of business; iii. employment claims save for any involving a Director, Managing Director, Chief Operating Officer or Chief Finance Officer, however titled; iv. commercial claims below the Financial Threshold	✓							
c. Granting any rights (by licence or otherwise) in or over any intellectual property owned or used by the Company or Group;	✓							

This Financial Delegation Policy was signed on behalf of the Controlling Shareholder on the day of 2022 by Jan Willis, Interim Controlling Shareholder Representative