



**Appendices to the
Management Statement and
Financial Memorandum between the Department for the Economy
and the Further Education Colleges
(Executive NDPBs)**

December 2016



NORTHERN
Regional College **nrc**



APPENDICES

The attached Appendices contain the latest Departmental guidance. Appendices D – I have been issued by the Department as Governance Bulletins.

They cover Departmental staff guidance as well as NDPB guidance and should be read appropriately for circumstances in the colleges and in the context of the MS/FM.

These Appendices will be updated as Departmental guidance changes.

[Appendix A](#) End of Year Flexibility Scheme

[Appendix B](#) Governance Bulletin 5 – Approval of Losses Guidance and Delegated Limits
Replaces Losses and Special Payments guidance

[Appendix C](#) Procurement Notice 04/16:- Procurement Guidance Note 03/11 Award of Contracts without A Competition

[Appendix D](#) Procurement Guidance Note 04/12 Procurement Control Limits and Basis for Contract Awards

[Appendix E](#) Governance Bulletin No. 2:- Whistle blowing Guidance for Stakeholders External to the Department

[Appendix F](#) Updated Delegated Limits and link to Guidance

[Appendix G](#) Consultancy Guidance

[Appendix H](#) Procurement Guidance Note 01/13 -Integrating Social Considerations into Contracts

APPENDIX A: END YEAR FLEXIBILITY SCHEME

Further Education Colleges and Stranmillis University College – End Year Flexibility (EYF) Scheme

Scope

The FE College and Stranmillis EYF Scheme will apply to Resource Budgets only. Capital Budgets are unaffected.

Stock

The continued College stock will be subject to an upper limit of £20m.

Operation

At a departmental level, DoF will, in the first monitoring round of the financial year, declare how much of its accumulated stock of EYF that it wants to draw down for spend within that year. This sum will be determined by an assessment undertaken by DoF of how much individual Colleges require in that year. This amount will represent a pressure to be addressed in the June monitoring round, and will be deducted from colleges' formal EYF stock

Then, at January monitoring round, DoF will be asked to revise the June drawdown amount, taking into account the planned spend at college level for their financial year (based on a position determined at individual college). This amount will represent a Bid/Reduced Requirement in the January monitoring round and will be deducted/added to the aggregate college EYF stock. **The College cumulative 'bid' will be subject to a maximum of £8m in any one financial year.**

There will be no further adjustment to the FE colleges EYF stock in-year and it will therefore represent the opening balance for the next year.

The funding implications of any subsequent variations (i.e. after January Monitoring position) between planned and actual spend in that year will be managed by DoF, as will any changes in deficits.

Set out below is a worked example:-

- Year X - in June monitoring, DoF declares that it wants to draw down £3m of its £15m EYF stock then it advises DoF. The DoF Minister reflects the changes in his Executive Paper on June Monitoring.
- Year X - in January monitoring, DfE indicates that it will require £4m so the department receive a further £1m and the EYF stock is adjusted to £11m. This stock becomes the opening stock for Year X+1.
- Year X - Provisional Outturn shows FE Colleges utilised £6m, therefore DfE are required to manage the £2m pressure within their budget.
- Year X – however, if Provisional Outturn shows actual spend at £2m the stock of EYF remains at £11m.

- Year X - The surplus position of the individual colleges would however be adjusted accordingly by DfE.

Monitoring Arrangements

The Department will be required to manage this position at individual College level and DoF will also require the Department to provide database details that allows monitoring of such spend (aggregated if appropriate). DoF Supply will require transparency on individual College level EYF Stock.

APPENDIX B: LOSSES AND SPECIAL PAYMENTS

GOVERNANCE BULLETIN 5

DEPARTMENT FOR THE ECONOMY

GUIDANCE FOR APPROVAL OF LOSSES

SEPTEMBER 2016

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OVERVIEW

1 Introduction

1.1 Staff should consult this paper prior to submitting a request for the Departmental approval of a loss.

1.2 The purpose of this document is to:

- Set out the approach to be used for the approval of losses (which includes losses, fruitless payments and constructive losses, claims waived or abandoned and special payments) within delegated limits for the Department for the Economy; and
- Outline roles and responsibilities.

1.3 The following NICS wide guidance is also available and should be read in conjunction with this paper:

- (a) DAO (DFP) 06/12 – Departmental Delegations/Requirements for DoF approval; and
- (b) MPMNI (Annex 4).

2. Key Points to Note

2.1 **MPMNI**, Annex 4.10 covers losses and sets out what is expected when Departments and Non Departmental Public Bodies (NDPBs) / Cross Border Bodies (CBBs) incur losses or write off assets. Some rules are specific to NDPBs and CBBs. MPMNI Annex 4.13 covers special payments.

2.2 Box A.4.10A in Annex 4.10 groups losses into categories to help decide how individual cases should be handled and notified to the Assembly. Departments have delegated authority to deal with all losses falling into group 1. DoF retains control over losses falling into group 2, subject to any specific delegation arrangements agreed bilaterally. Current departmental delegations are contained in DAO (DFP) 06/12 and letters issued from Supply to individual departments.

3. Approach to the approval of losses in DfE

3.1 All requests for write-off of losses should be forwarded to the Head of Financial Governance Branch (FGB) at financial.governance@economy-ni.gov.uk. Reference should be made to MPMNI Annexes 4.10, 4.11 and 4.13 for further detail on the information and supporting documentation that should be submitted. All requests from DfE core should be endorsed by the relevant Head of Division. A suggested DfE losses approval request form to be used going forward is attached at Annex 2. Other bodies sponsored by the Department would be expected to ensure that their requests to the Department for approval include the same information. It is the originating Division's responsibility to ensure that all possible steps have been taken to effect recovery. Requests for write-off should not be delayed until the year-end.

- 3.2 Any request to write off a loss should clearly indicate the category of loss under which it falls as defined in Box A.4.10A, classification of losses in Annex 4.10 of MPMNI.
- 3.3 Financial Governance Branch will be the point of contact with DoF Supply in relation to losses that require DoF approval.
- 3.4 The following delegation levels will apply to group 1 losses in DfE:

Table 1 (Group 1 losses)

(MPMNI Type A (i) cash losses, (ii) bookkeeping losses, (iii) exchange rate fluctuations (iv) losses of pay, allowances and superannuation benefits (overpayments due to miscalculation, misinterpretation or missing information and unauthorised issues), Type B losses of accountable stores, and Type C fruitless payments and constructive losses.

Grade	Amount
Permanent Secretary	above £250,000
G3 (Operational Policy Investment)	£49,999 to £249,999
Grade 5 Finance	£10,000 to £49,999
Financial Governance Grade 7	£0 to £9,999

- 3.5 In relation to group 2 losses in DfE, the following delegation levels will apply:

Table 2 (Group 2 losses)

(MPMNI Type A (IV) losses of pay, allowances and superannuation benefits (losses arising from other causes than outlined in Group 1), (V) losses arising from overpayments and VI losses arising from failure to make adequate charges)

Grade	Amount
Grade 3 and DoF	above £100,000
G3 (Operational Policy Investment) and DoF	£49,999 to £100,000
Grade 5 Finance and DoF	£10,000 to £49,999
Financial Governance Grade 7 and DoF	£0 to £9,999

Exception: DoF approval is required for foregoing the recoupment of overpayments of pay, pensions and allowances over £20,000 and the recoupment of overpayments of grants. (MPMNI 4.11 and DAO 06/12 annex 2 no. 14).

(MPMNI Type D & E, claims waived or abandoned & special payments e.g. ex gratia, compensation)

Grade	Amount
Grade 3 and DOF	above £100,000
G3 (Operational Policy Investment)	£49,999 to £100,000
Grade 5 Finance	£10,000 to £49,999
Financial Governance Grade 7	£0 to £9,999

Exception: Special payments relating to individual compensation payments without legal advice and settled out of court (DfE and DoF approval is required where the amount exceeds £10,000). (DAO 06/12 annex 2 no. 47).

DfE NDPBs and CBBs

- 3.6 All losses above delegated limits for NDPBs and CBBs must be approved by the Department. Delegated limits of NDPBs and CBBs (see Annex 1 for list of these bodies) are outlined in their MSFMs/Financial Memoranda. If this level is exceeded then they must seek Departmental/DoF approval as required and the Departmental approval levels for group 1 and group 2 losses in tables 1 and 2 above apply. If they have not been given a specific delegated authority in their MSFM/Financial Procedures Manual then all losses must be approved by the Department.
- 3.7 When it becomes apparent that a loss in an NDPB or CBB requires Departmental or DoF approval, the body, via sponsor branch, will forward the request to Head of Financial Governance Branch FGB at financial.governance@economy-ni.gov.uk. Exceptions to the above are that FECGA (Further Education Corporate Governance & Accountability) and HE Finance Branch have delegated authority for processing any losses relating to the Further Education Colleges and Stranmillis University College respectively, where DoF approval is not required, of £10,000 and below without recourse to Financial Governance Branch.
- 3.8 Financial Governance Branch will be the point of contact with DoF Supply in relation to losses that require DoF approval.

4. Financial implications

- 4.1 Budget cover may be required depending on the circumstances of each case.
- 4.2 Where a receivable balance has been recorded (by invoice or journal), then accounting entries and budget cover will be required. In this instance, in relation to the Department, Financial Accounting Branch should be contacted, and Account NI procedures followed.

Annex 1

DfE NDPBs are as follows:

• Belfast Metropolitan College	• Invest NI
• South West College	• Tourism NI
• Northern Regional College	• NI Screen
• North West Regional College	• Consumer Council NI
• South Eastern Regional College	• Health & Safety Executive NI
• Southern Regional College	• Labour Relations Agency
• Stranmillis University College	• Construction Skills NI

DfE CBBs are as follows:

• Intertradelreland	• Tourism Ireland
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Annex 2 - LOSSES TO PUBLIC FUNDS

TO: _____
 Head of Financial Governance Branch

Date: _____

Nature of Loss: _____ Group 1/Group 2 _____

(Please clearly indicate above which type of loss it fall under from Box A4.10A, classification of losses in MPMNI and if it is a group 1 or a group 2 loss)

1. I propose that DfE should
 - (a) Abandon a claim
 - (b) Write-off a loss
 - (*Delete as appropriate)
2. The loss to public funds will amount to £
3. The loss relates to:-

(Please describe e.g. overpayments of pay, pensions and allowances, cash loss, recoverable grant, loan reimbursement of costs paid in advance on behalf of a third parties etc. and include the date of the incident or the period over which the loss occurred)

4. The loss was the result of:-
 - (a) the lack of satisfactory procedures or safeguards;
 - (b) the failure to adhere to established procedures;
 - (c) an apparently poor initial decision to incur expenditure;
 - (d) the failure to seek to recover the sum when it would have been appropriate to do so;
 - (e) reasons totally external to DfE (please provide a supplementary note);
 - and
 - (f) other reasons (please provide a supplementary note).

(Delete as appropriate)

5. The following steps have been taken to recover the funds (to include details where appropriate of the current recovery position).

Where recovery steps have not been exhausted

6. I do not propose to pursue the claim/right to claim for the following reasons:-

7. There is no* suspicion of fraud.

(* Delete as appropriate and if there is suspicion of fraud, include the date of notifying the Police and a summary of police action taken including the outcome of any court proceedings)

8. Prosecution is not proposed by PSNI for the following reason:-
(If not appropriate, enter N/A)

9. If the loss was facilitated by the action or neglect of an officer, the name of the officer and a note of any disciplinary action taken:-
(If not appropriate, enter N/A).

Where an officer has been identified at 9 above

10. It is/is not* proposed to make the officer named above bear part of the loss.
(*Delete as appropriate)

11. A supplementary note is appended proposing how any defect of the existing system of control disclosed above will be remedied, detailing any steps taken to minimise the recurrence of

similar cases or any improvements made in security arrangements as appropriate. (If no remedial action is proposed then an explanation as to why none is required should be provided.)

12. Any other relevant details.

No write-off action will be taken until a copy of the form, with approval noted thereon, has been returned and any necessary DoF approval has been obtained.

Proposal submitted by:

Proposal endorsed by:

College AO

Date _____

Date

Proposal Approved by:

DfE

Date _____

Date

DELEGATED AUTHORITY IN RESPECT OF LOSSES AND SPECIAL PAYMENTS

SUMMARY:

The Accounting Officer of the College will have the authority to write off losses and make special payments up to:

- a) Cash Losses – up to £5,000 per case/ incident (or £1,000 where fraud is suspected)
- b) Stores/ Equipment Losses - up to £5,000 per case/ incident (or £1,000 where fraud is suspected)
- c) Constructive losses and fruitless payments - up to £5,000 per case/ incident (or £1,000 where fraud is suspected)
- d) Compensation Payments:
 - i) Made under legal obligation, e.g. by Court Order – up to £1,000 per case plus reasonable legal expenses
 - ii) For damage to personal property of staff – up to £1,000 per case
 - iii) Where written legal advice is that the College should not fight a court action because it is unlikely that it would win – up to £1,000 per case
- e) Claims abandoned or waiver of claim – up to £1,000 per case
- f) Extra contractual payments – up to £1,000 per case
- g) Ex gratia payments – up to £1,000 per case (Pensions payments are not covered by this threshold)
- h) Extra statutory and extra regulatory payments – up to £1,000 per case

The prior approval of the Department must be obtained for amounts above these values.

Where total losses exceed £1,000 in any financial year, an explanatory note should be included in the College's accounts. Explanations should also be provided for individual losses in excess of £1,000.

Details of all losses and special payments should be recorded in a Losses and Special Payments Register, which will be available to auditors and should be submitted to fegovernance@economy-ni.gov.uk on a quarterly basis. The Register should be kept up-to-date and should show evidence of the approval by the College's Accounting Officer and the Department, where appropriate.

APPENDIX C: PROCUREMENT NOTICE 04/16**PROCUREMENT GUIDANCE NOTE 03/11 AWARD OF CONTRACTS WITHOUT A COMPETITION****Direct Award Contracts**

The Procurement Board has endorsed the revised Procurement Guidance Note (PGN) 03/11, Direct Award Contracts (DAC). PGN 03/11 introduces a risk-oriented approach that allows for the delegation of approval responsibilities in certain circumstances.

The PGN clarifies those situations that are classed as Direct Award Contracts; (DACs) also termed Single Tender Actions (STAs), and those that are not. Setting out the process more clearly for dealing with these and also the role of the Centre of Procurement Expertise (CoPE). It also highlights the new flexibilities contained within the Public Procurement Regulations 2015 that allow for contract modifications in some instances.

Should you have any queries regarding this Procurement Notice, please contact Department for the Economy (DfE) Procurement Unit, Gill Brown on Ext 02890 257618 or Margaret McWilliams on Ext 028090 257754.

PGN 03/11 (as amended) is available at:

<https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/PGN-03-11-DACs-10-August-2016.PDF>

APPENDIX D: PROCUREMENT NOTICE 01/16**Revised Procurement Guidance Note (PGN 04/12) Procurement Control Limits and new guidance note (PGN 02/16) - Light Touch Regime****Light Touch Regime**

The purpose of this Procurement Notice is to draw your attention to the changes to PGN 04/12 and the recent publication of PGN 02/16, Light touch regime (LTR).

The PGN 04/12 seeks to clarify the flexibility in the rules for procurement of utilities. It has been recognised that, although the main principles of the public procurement rules needed to be respected, it is also necessary to provide some flexibility in order to take account of the reality of the environment of utility activities. Following consultation this PGN has been revised to provide a higher procurement control limit of £50,000 for procurement by utilities. Limits set in all other areas remain unchanged. PGN 04/12 has also been revised to take account of the new light-touch regime.

PGN 02/16 seeks to help Contracting Authorities take advantage of the flexibilities provided by the new LTR rules, including the discretion to decide what procedures best meet their needs.

Key changes for this new regime include relatively high thresholds of, currently, £589,148 under Procurement Contract Regulations 2015, £785,530 under Utilities Contract Regulations 2016 and £4,104,394 under Concession Contract Regulations 2016, when compared with other services, and a flexible approach above threshold, provided certain minimum criteria are met. There is no requirement to advertise in the OJEU below the threshold (unless there are concrete indications of cross border interest).

The guidance can be accessed via the CPD website:

[PGN 04/12 \(as amended\) - Procurement Control Limits and the Basis of Contract Awards](#)

[PGN 02/16 - Light Touch Regime](#)

Should you have any queries regarding this Procurement Notice, please contact Department for the Economy Procurement Unit, Gill Brown on Ext 57618 or Margaret McWilliams on Ext 57754.

APPENDIX E: GOVERNANCE BULLETIN 2

DEPARTMENT FOR THE ECONOMY

**WHISTLEBLOWING GUIDANCE
FOR STAKEHOLDERS EXTERNAL TO THE DEPARTMENT**

JUNE 2016

CONTENTS

Section

1. Introduction
2. How to Raise a Concern
3. Confidentiality and Protection

1.0 INTRODUCTION

- 1.1 This document provides guidance for members of the public and other external stakeholders who wish to make a public interest ('whistleblowing') disclosure to the Department for the Economy.
- 1.2 This guidance does not deal with complaints about the Department's processes, performance or standards of service, for which separate procedures exist.
- 1.3 The Department is keen to be advised if you believe you have information in relation to any of the following issues which are occurring within the Department, its Arms Length Bodies, or any of its principal contracted suppliers:
- Unlawful conduct;
 - Abuse of public funds;
 - Potential fraud;
 - Threat to health and safety; and
 - Damage to the environment.
- 1.6 Any serious allegations or concerns raised externally by the public will be treated, where possible, in the same manner as 'whistleblowing' allegations made by staff and with the strictest confidence. However, if your allegations lead to criminal proceedings there may be an expectation that you, as a complainant, will give evidence in a court of law.
- 1.7 The Department takes all allegations of fraud and corruption very seriously and will ensure that any reports of such activity are fully investigated and appropriate action taken. If you have any such concerns it is important that you act quickly to report these, providing as much information or evidence to support your allegations.
- 1.8 If a 'whistleblowing' allegation is made to an Arms Length Body or to a principally contracted supplier by a member of the public or an external stakeholder, the Arms Length Body or principally contracted supplier is required to notify the Department of the nature and extent of the allegations made.

2.0 HOW TO RAISE A CONCERN

- 2.1 If you become aware of wrongdoing, malpractice, fraud or corruption, you can make a disclosure by contacting Corporate Planning, Governance and Equality Branch within the Department; email: Corporate.Governance@economy-ni.gov.uk or telephone: 028 9025 7611.

- 2.2 Once you have told us of your concern, the Department will review the issue to assess initially what action should be taken. This may involve an informal review, an internal inquiry or a more formal investigation. Where it is decided that a formal investigation is necessary the overall responsibility for the investigation will lie with a nominated “investigation officer.” The Department will advise you who is dealing with the matter, how he or she can be contacted, and whether your further assistance may be needed. If you request, the Department will write to you summarising your concern and setting out proposed handling arrangements. When you raise the concern you may be asked how you think the matter might best be resolved. If you do have any personal interest in the matter, we ask that you tell us at the outset.
- 2.3 We will give you as much feedback as we properly can, and if requested, we will confirm it in writing. However, we may not be able to tell you the precise action we take where this would infringe a duty of confidence owed by us to someone else.

1.0 CONFIDENTIALITY AND PROTECTION

- 3.1 The Department will not tolerate the harassment or victimisation of anyone who raises a genuine concern and we hope that this assurance you enable you to raise your concern openly. However, we recognise that there may be circumstances where you would prefer to speak to someone in confidence first. If this is the case, please say so at the outset. If you ask us not to disclose your identity, we will not do so without your consent unless required by law. You should understand that there may be times when we are unable to resolve a concern without revealing your identity, for example where your personal evidence is essential. In such cases, we will discuss with you whether and how the matter can best proceed.

APPENDIX F: UPDATED DELEGATED LIMITS

The updated delegated limits for FE colleges are below.

APPROVAL LIMITS:-

1. Approval Limits

Type of Commitment	Total Government Expenditure	Level of Approval Required ¹
Capital projects; and New programmes, changes to programmes, revenue projects in the Department, NDPBs, Universities and St Marys University College	Up to £99k	G7 - College
	up to £500k	G5 - College
	£500k up to £1m	G3 - College AO
	Over £1m	Permanent Secretary G 3, Casework Committee and Ministerial Approval DoF approval is required for capital expenditure greater than £2m, except for where it relates to University and Further Education College buildings , in which case DoF approval is required for expenditure greater than £5m.
ICT	As above. Spend > £1 million requires DoF approval.	
Research Agenda	Spend > £50k requires Ministerial approval. Spend > £75k requires DoF approval.	
Consultancy	All Departmental spend requires Ministerial approval irrespective of value. For NDPBs Ministerial approval is required for spend >£10k. Spend > £75k requires DoF approval.	
Special events	Up to £500k	Finance Director & G3 Resources.
	Over £500k	Finance Director, G3 Resources & Minister
Accommodation	To be discussed and agreed with Corporate Services and Finance.	

External consultancy

- In terms of the *Core Department*:
any and all expenditure requires Ministerial approval; and expenditure > **£75k** requires DoF approval.
- In terms of the Department's *NDPBs*:
expenditure of < **£10k** and which is **not** a Single Tender Action (STA) does not require Departmental approval but must be approved by the Accounting Officer of the relevant NDPB;

expenditure of < **£10k** in terms of consultancy, which is a STA, must be approved by the Permanent Secretary

expenditure of **£10k or more** must have the prior approval of the Minister; and

expenditure > **£75k** requires DoF approval

Single Tender Action:-

A tabular summary of the approval requirements is given below:- Value	Body	Category of expenditure	CPD advice via DAC1	NDPB AO Approval	Perm Sec Approval	Disclosure to DfE Board	Ministerial Approval
£<5k	Dept	Not external consultancy	X	N/A	√	√	X
£<5k	Dept	External consultancy	X	N/A	√	√	√4
£<5k	NDPB	Not external consultancy	X	√	N/A	√	X
£<5k	NDPB	External consultancy	X	√	√	√	X
£>5k	Dept	Not external consultancy	√	N/A	√	√	X
£>5k	Dept	External consultancy	√	N/A	√	√	√5
£>5k	NDPB	Not external consultancy	√	√	N/A	√	X
£5-10k	NDPB	External consultancy	√	√	√	√	X
£>10k	NDPB	External Consultancy	√	√	√	√	√6

4 The DfE Minister must also approve all Departmental external consultancy assignments irrespective of value and NDPB consultancies over £10k irrespective of whether they are a STA or not.

5/6 The DfE Minister must also approve all Departmental external consultancy assignments irrespective of value and NDPB consultancies over £10k irrespective of whether they are an STA or not.

NOTE: DfE approval limits are inclusive of VAT but procurement thresholds are exclusive of VAT

<https://www.finance.ni.gov.uk/articles/what-economic-appraisal-and-when-it-required>

APPENDIX G: CONSULTANCY GUIDANCE

DEFINITION OF CONSULTANCY

1. External consultancy is defined as:

*“The provision to management of objective **advice** relating to strategy, structure, management or operations of an organisation, in pursuit of its purposes and objectives. Such advice will be provided outside the ‘business-as-usual’ environment when in-house skills are not available and will be time-limited. Consultancy may include the identification of options with recommendations, or assistance with (but not the delivery of) the implementation of solutions.”*

2. This is in contrast to other professional services, such as managed services which describes external resources used to carry out a routine part or core function of a department for a specific duration in a steady state/business as usual or implementation context; or staff substitution which refers broadly to occasions where outside staff are engaged on a temporary basis to cover particular roles for a variety of reasons.
3. The full DOF guidance on the use of professional services (including external consultancy) can be found at: <https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/fddfp0712.pdf>

EXTERNAL CONSULTANCY PROCEDURES

4. An economic appraisal must be completed for all public expenditure, including external consultancy expenditure, and should be completed on a proportionate effort basis.
5. Once the economic appraisal has been completed, the appropriate level of approval should be sought. Approval limits for external consultancy are detailed below:
 - In terms of the Core Department:
 - **any and all** expenditure requires Ministerial approval; and
 - expenditure > **£75k** requires DOF approval.
 - In terms of the Department’s NDPBs:
 - expenditure of < **£10k** and which is **not** a Single Tender Action (STA) does not require Departmental approval but must be approved by the Accounting Officer of the relevant NDPB;
 - expenditure of < **£10k** in terms of consultancy, which is a STA, must be approved by the Permanent Secretary – for further information, please refer to Finance Bulletin No 4;
 - expenditure of **£10k or more** must have the prior approval of the Minister; and
 - expenditure > **£75k** requires DOF approval.
6. When appropriate approval has been obtained, these should be forwarded to the Department.

7. All external consultancy expenditure should be recorded in individual consultancy record numbers specifically set up for each project.
8. External consultancy expenditure should only be incurred once the appropriate approval has been obtained. If expenditure is incurred without the correct approvals, this will be deemed irregular expenditure and could lead to qualification of the Department's accounts.
9. Any procurement contracts **£5k or greater** must have a Contract Procurement Award (CPA) number assigned to them before any purchase order is raised or payment is made against the contract. This CPA number links all expenditure against the contract and ensures compliance with Civil Service procurement procedures for which DfE will be assessed.
10. If further work is required above the approved contract value, then the following rules apply:
 - if the variation is **< 10%**, this is acceptable and no further approval is required; and
 - if the variation is **> 10%**, then appropriate approval is required.
11. Approval of any extensions to external consultancy contracts **must be** obtained.
12. The Department will periodically review all expenditure against consultancy record numbers in order to ensure that the appropriate approval is in place.

APPENDIX H: PROCUREMENT GUIDANCE NOTE 01/13

Integrating Social Considerations into Contracts

1. The Programme for Government (PfG) commits Departments and their NDPBs to “include social clauses in **all** public procurement contracts for supplies, services and construction”.
2. The Procurement Board requires Departments to:
 - set targets for the implementation of social clauses to meet the PfG commitment;
 - monitor compliance with the social clauses as an aspect of general contract management; and
 - report quarterly to CPD details of the opportunities delivered through social clauses.

HOW TO INTEGRATE SOCIAL CONSIDERATIONS INTO PUBLIC PROCUREMENT

3. Social considerations can be incorporated into the contracting process by:
 - linking them to the ‘subject matter’ of the contract; and/or
 - using ‘contract performance clauses’.
4. The ‘subject matter’ of the contract is about the product, service or the construction work the Department wants to procure.
5. ‘Contract performance clauses’ set out **how** the contract must be performed, identifying mandatory requirements that successful bidders must accept and must be delivered when the contract is awarded to them. Contracts must not be awarded to bidders who do not accept contract performance clauses.
6. The Department should decide, on a project by project basis, which social considerations are relevant to its needs and obligations and these should be defined in the business case. Consideration at the appraisal stage of social clauses lowers potential resistance to their inclusion and ensures potential benefits are not limited.
7. When determining the strategic context, the need and objectives, social needs and objectives may be framed in terms of improving health, transport, education or training. Social impacts need to be considered when weighing up non-monetary costs and benefits, assessing how options perform against the social objectives set at the beginning of the appraisal.

PROCUREMENT SPECIFICATIONS

8. On approval of the business case, if the procurement is greater than £30,000, the Department must work with CPD, and if is less than £30,000, liaise with the Procurement Unit to agree a specification. At this point the type of social clause to be included in the contract will be considered.
9. Currently all contracts put in place by CoPEs contain social clauses relating to Fair Employment, Health and Safety and similar statutory requirements. Over and above these

requirements, social clauses have generally taken the form of the creation of training or employment opportunities.

10. To help determine appropriate social clauses for inclusion in contracts, business areas and NDPBs can avail of the Social Clause Unit of the Department.
11. Social award criteria may be applied provided they:
 - are linked to the subject matter of the contract;
 - do not confer unrestricted freedom of choice on the Department;
 - are set out in the contract notice and tender documentation; and
 - comply with the fundamental principles of EU law.
12. When social clauses have been identified in the contract, then those requirements must be delivered in full. The Project Manager/Contract Manager must ensure that the Contractor's performance is carefully monitored. Poor performance by the Contractor on the delivery of requirements relating to social considerations must be addressed in accordance with the recommendations on poor contractor performance set out in **PGN 01/12**.

Further details

13. The latest Procurement Guidance Note **PGN 01/13** can be found on the CPD website.
14. For further advice on procurement, please contact Gill Brown of the Department's Procurement Team on extension 57618 (90257618).