

## FINANCIAL REGULATIONS REVIEW

<b>Head of Service/Contact:</b>	Lee Duffy, Chief Finance Officer
<b>Urgent Decision?(yes/no)</b>	No
<b>If yes, reason urgent decision required:</b>	N/A
<b>Annexes/Appendices (attached):</b>	Annexe 1 – Updated Financial Regulations
<b>Other available papers (not attached):</b>	Previous Financial Regulations (see Constitution Part 4)

### Report summary

**The Financial Regulations form part of the Constitution and ensure that there are adequate rules to govern the Council’s financial affairs.**

**This report proposes amendments to the Financial Regulations.**

### Recommendation (s)

#### That the Panel:

- (1) Provide any comments on the proposed amendments to the Financial Regulations.**
- (2) Recommend the updated Financial Regulations for approval by Strategy and Resources Committee.**

## **1 Implications for the Council’s Key Priorities, Service Plans and Sustainable Community Strategy**

- 1.1 The updated Financial Regulations will support the delivery of the Council’s Corporate Plan, particularly the key priority of ‘Managing our Resources’ and the delivery of the Medium Term Financial Strategy, by ensuring that there are adequate rules to govern the Council’s financial affairs.

## **2 Background**

- 2.1 The Financial Regulations form part of the Council’s Constitution and were last updated in 2013. Since then, the Council has undergone a number of changes to officer structures.

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- 2.2 The Financial Regulations need updating to reflect these organisational changes, and to ensure its processes and procedures meet the needs for organisational efficiency and achieve good governance.

### 3 Proposals

- 3.1 The updated Financial Regulations are attached at Annexe 1, following consultation with the Leadership Team. Job titles have been amended to reflect the current organisational structure and references to statutory regulations have also been updated as appropriate.
- 3.2 The other main changes are summarised in the following table and are shown as tracked changes at Annexe 1:

Section	Description of Change
4. Financial Planning - Revenue Reserves	<p>New authorisation limits are proposed for the use of revenue reserves, as follows;</p> <ul style="list-style-type: none"> <li>• Up to £20,000 – Chief Finance Officer</li> <li>• From £20,000 to £50,000 – Chief Finance Officer in consultation with the relevant Committee Chairman</li> <li>• Above £50,000 – Committee approval required</li> </ul> <p>Previously, no authorisation limits were specified in the Financial Regulations. The introduction of limits is intended to clarify the responsibilities of officers and members.</p> <p>The limits do not apply to reserves held for accounting purposes.</p>
6. Revenue Budget Control - Virements	<p>Virement rules have been clarified and there is a proposed increase in the threshold - from £20,000 to £50,000 - for virements that require Committee approval.</p> <p>The proposed increase reflects that the previous threshold has been unchanged since the Regulations were introduced in 2001.</p>
6. Revenue Budget Control - Emergencies	<p>Regulations for emergencies have been updated to ensure consistency with the Constitution's Scheme of Delegation.</p>

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7. Capital Programme	Where capital schemes are expected to exceed the budget, a new provision would permit the Chief Finance Officer to authorise additional expenditure of up to £5,000. The CFO, in conjunction with the Committee Chairman, could also authorise additional expenditure between £5,000 and £20,000. Any additional expenditure >£20,000 will still require Committee approval.
12. Treasury Management	The annual Treasury Management Strategy will now be presented to full Council in February (previously S&R Committee in April), in line with recommended CIPFA practice.
15. Income – Writing-Off Debts	<p>A new provision would permit the Head of Digital and Service Transformation, in conjunction with the Chief Finance Officer, to authorise the write-off of business rates debts, where the liable party is subject to insolvency action as prescribed in the Insolvency Act 1986 and the Council is not legally able to continue with recovery action.</p> <p>Previously, all business rate debt write-offs &gt; £20,000 required the authorisation of Strategy &amp; Resources Committee.</p>
20. Partnerships and External Arrangements	A new provision allows Heads of Service to bid for external funds, provided they first inform the Chief Finance Officer and can evidence that the bid will have no negative impact on the Council's budget. Should a proposed bid involve a significant issue of policy, it should also be reported to the relevant policy committee for approval.

- 3.3 The Panel are asked to provide any feedback on the updated Financial Regulations and to approve them prior to their presentation to Strategy and Resources Committee in the new year.

## 4 Financial and Manpower Implications

- 4.1 There are no additional cost implications to the implementation of the Financial Regulations
- 4.2 **Chief Finance Officer's comments:** *It is important that the Financial Regulations be kept up-to-date, in order for the Council to properly manage its financial affairs and discharge its duties.*

## 5 Legal Implications (including implications for matters relating to equality)

- 5.1 None for the purposes of this report.

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5.2 **Monitoring Officer's comments:** *None for the purposes of this report.*

### **6 Sustainability Policy and Community Safety Implications**

6.1 No implications for the purposes of this report.

### **7 Partnerships**

7.1 No implications for the purposes of this report.

### **8 Risk Assessment**

8.1 Failure to update the Financial Regulations would place the Council at risk of having unclear officer/member responsibilities following organisational changes. This could result in business being conducted less effectively or failure to achieve value for money or best practice.

### **9 Conclusion and Recommendations**

9.1 The Financial Regulations need updating to reflect organisational changes and to ensure the processes and procedures meet the needs for organisational efficiency and achieve good governance.

9.2 The Panel are asked to provide any feedback on the updated Financial Regulations and to approve them prior to their presentation to Strategy and Resources Committee in the new year.

**Ward(s) affected:** (All Wards);