

Executive

21 July 2009

Report of the Assistant Director of Resources (Customer Service & Governance)

Revised Financial Regulations

Summary

- 1 The purpose of this paper is to present to Executive for discussion and approval the revised Financial Regulations.

Background

- 2 The council's current Financial Regulations were introduced in 2006 and formed supplementary guidance to the Constitution. The purpose of the regulations is to lay down the rules and guidelines to be followed by the organisation to ensure the integrity of its financial arrangements.
- 3 The current regulations have provided an effective regulatory framework that has allowed the organisation to operate with minimum risk. They were however more comprehensive than was required with substantial sections of the Constitution being repeated within the regulations with several layers of officer and member decision-making. To ensure the council can react quicker, improve its customer service and become more efficient the current regulations have at times worked against this ethos.

The Regulations

- 4 The purpose of the revised Financial Regulations (Annex A) is to provide a more flexible set of regulations maintaining the key principles of the current regulations but reflecting the more devolved decision making framework adopted by the council. The revised regulations also take out unnecessary repeated elements of the Constitution to try to provide a more concise user-friendly document.
- 5 A second part of the current regulations is often referred to as the Procurement Regulations. In line with many other authorities this element has been separated into a devolved set of regulations and renamed as the Contract Procedure Rules (CPRs). The Financial Regulations along with the CPRs are underpinned by a set supplementary guidance documents to form a comprehensive set of financial procedures as shown at Table 1 below:

Table 1

Financial Procedures	
Financial Regulations & Contract Procedure Rules	
Supporting supplementary guidance:	Asset Disposal Policy
	Income Policy
	Corporate Procurement Guidance Manual
	Risk Management Policy & Strategy
	External Funding/Grant Guidance Manual
	Petty Cash Rules

- 6 The chronological history of the amendments made to the financial regulations is available on the following the link ([Track changed chronology of the regulations](#)). In summary there are a number of key changes to the regulations some of these are relatively minor and include:
- a) removing duplication of information already contained elsewhere in the Constitution;
 - b) separating the contract procedure rules (CPRs) into a single document;
 - c) future proofing in terms of electronic solutions;
 - d) updating of terminology to reflect current regulations, corporate policy and strategy;
 - e) provision of a proper index and page numbering;
 - f) reference to new supplementary guidance (as set out at Table 1 above) where appropriate;
 - g) provision of a consolidated summary section showing all delegated thresholds.

Further changes provide an improvement in the clarity and consistency in relation to the levels of delegation including:

Individual Revenue virements:

- a) Executive's approval threshold increased from £250K to over £500K;
- b) Executive Member only delegation merged with Directors delegation. New Directors' delegation in consultation with Executive Member increased to over £100K and up to and including £500K;
- c) Chief Officer delegation within service plans increased from £25K to up to and including £100K.

Individual Capital virements:

- a) Executive's approval threshold increased from £250K to over £500K;
- b) Executive Member only delegation merged with Directors' delegation. New Directors' delegation in consultation with Executive Member increased to over £100K and up to and including £500K;
- c) Directors' delegation between schemes up to and including £100K.

Individual Debt Write-Off:

- a) Executive threshold over £200K;
- b) Executive Member over £10K and up to and including £200K;
- c) Executive Member in consultation with CFO raised from £2K to over £5K and up to and including £10K;
- d) CFO raised from less than £2K to over £100 and up to and including £5K;
- e) Head of Financial Procedures up to and including £100.

Finally in the spirit of encouraging medium-term financial planning the regulations seek to allow directorates greater flexibility and certainty over their funding allocations including:

- a) Directorates will be allowed to retain a percentage of any underspend to be carried forward into a general directorate reserve this could be as high as 50% of any underspend at the discretion of the Director of Resources;
- b) Directorates will be able to make further specific requests to the Executive for carry forward on particular schemes;

- c) Where an overspend has to be carried forward by a Directorate there will be a facility to spread any repayment over a maximum three year term.
- 7 Any changes to the financial regulations, key procedures and thresholds can only be approved by Executive. There are however, times where minor changes in terminology or wording may be needed which do not change either the fundamental procedures or thresholds and this report asks Executive for the power to make these minor changes to be delegated to the Director of Resources.
 - 8 The revised CPRs are at an early draft format and will be presented to Executive in the autumn for approval. The Income Policy and Corporate Procurement Guidance Manual have already been approved by Executive. The Asset Disposal Policy was approved by Audit & Governance Committee in March 2009. The External Funding/Grant Guidance Manual is at an earlier stage but should be developed over the summer and be presented to Executive in the autumn along with the CPRs.
 - 9 The regulations and supporting documentation will not be effective unless all relevant officers and members are aware of the changes and any new rules. It is intended that once approved by Executive a formal training programme will be delivered in the autumn to help raise awareness and embed the regulations across the organisation.

Consultation

- 10 The draft Financial Regulations have been issued to all finance managers for consultation purposes along with other key officers across the council. Member consultation has also been undertaken at Audit & Governance Committee on 29 June 2009.

Options

- 11 There are only two options associated with this report:
 - a) Agree the revised Financial Regulations ;
 - b) Retain the existing Financial regulations.

Analysis

- 12 Not applicable to this report.

Corporate priorities

- 13 The implementation of effective financial control is critical in contributing to the delivery of an 'Effective Organisation' and helps to underpin and support all the priorities that form the Corporate Strategy.

Implications

- (a) **Financial** – Financial implications are contained within the Annex to the report.
- (b) **Human Resources (HR)** - There are no implications.
- (c) **Equalities** - There are no implications.
- (d) **Legal** - There are no implications.
- (e) **Crime and Disorder** - There are no implications.
- (f) **Information Technology (IT)** - There are no implications.
- (g) **Property** - There are no direct implications.

Risk Management

- 14 The organisation is at risk if it does not have effective and appropriate financial regulations that provide for proper stewardship and integrity of its financial arrangements. The regulations also need to ensure that the council can operate efficiently in delivering its services and projects.

Recommendations

- 15 Executive are asked to:
- a) comment on and approve the revised Financial Regulations attached to this report at Annex A;

Reason

To gain Executives approval that the revised Financial Regulations are appropriate in improving and maintaining the integrity of the council's financial arrangements.

- b) Approve the delegation of minor non-procedural or financial threshold changes to the Director of Resources (Paragraph 7).

Reason

To ensure that the regulations can be kept in an up to date format without the necessity to have to go to Executive for minor non-procedural or financial threshold changes.

Author:

David Walker
Head of Financial Procedures

Ext 2261

Chief Officer Responsible for the report:

Pauline Stuchfield
Assistant Director (Customer Services &
Governance)

Report
Approved



Date 9/7/09

Specialist Implications Officer(s)

Wards Affected Not applicable



For further information please contact the author of the report

Background Papers

Draft Revised Financial Regulations Report to A&G 29 June 2009

Annexes

Annex A – Draft Financial Regulations