



AGENDA ITEM: 11
SUMMARY

Report for:	Cabinet
Date of meeting:	15 September 2015
PART:	1
If Part II, reason:	n/a
Title of report:	Financial Regulations Review
Contact:	Cllr Graeme Elliot, Portfolio Holder for Finance & Resources James Deane, Corporate Director (Finance & Operations)
Purpose of report:	To seek Cabinet approval of the recommended changes to the Financial Regulations 2015.
Recommendations	It is recommended that Cabinet consider the amendments detailed in paragraphs 4 and 9 of this report, and recommend to Council the approval of the revised Financial Regulations.
Corporate objectives:	The efficacy of the Financial Regulations supports all of the Council's objectives.
Implications:	<u>Financial</u> Contained within the body of the report. <u>Value for Money</u> Contained within the body of the report.
Risk Implications:	Contained within the body of the report.
Monitoring Officer/ S.151 Officer Comments	S151 Officer This is a S151 Officer report. Deputy Monitoring Officer No comments to add to the report.
Consultees:	Finance & Resources Overview & Scrutiny Committee, June 2015 Audit Committee (July 2015)

Background papers:	None
--------------------	------

Introduction

1. The Financial Regulations provide the framework for managing the financial affairs of the Council. They are approved by the Council and they apply to every Member and employee of the Council, and to anyone acting on its behalf.
2. In accordance with good practice, the Financial Regulations are reviewed annually to ensure that they remain relevant throughout any structural or operational changes within the Council.
3. All sections of the Regulations have been reviewed, and the following substantive amendments are proposed. (The fully revised Financial Regulations, including the recommended amendments, are attached at Appendix A.)

Recommended update relating to *Section 106 Contributions*

4. **Regulation A12 f)** has been added (page 7), containing the following paragraph:

***Section 106 Contributions.** Council sets the budget and Cabinet has executive responsibility for the delivery of services within budgets. Delegation is given to the Section 151 Officer for in-year amendments to budgets where a one-off item is to be funded wholly from Section 106 receipts.*

5. S106 contributions are payments, or works in lieu of payments, made by developers as part of their planning application. In broad terms, the purpose of S106 contributions is for the developer to make a financial contribution to offset the effect of their development on the local infrastructure. Payments received by the Council under S106 can only be used for the purpose specified within the S106 agreement. For example, a developer who builds 6 new houses may be required to make a payment to the Council to fund the delivery and maintenance of a play area for the children who are expected to live in the houses.
6. The inclusion of this regulation within the Financial Regulations formalises the current practice of the S151 Officer signing to approve the Council's use of the funds for the correct purpose. The alternative to this process would be to require Member approval for the application of S106 funds. This would not be an appropriate use of Members' time, given that the use of the S106 funds is not discretionary, and the S151 Officer is merely signing to agree proper use of the funds, in line with the developer agreement.

Recommended update relating to the disposal of assets

7. **Regulation D24 1c)** of the previously approved Financial Regulations contains the following paragraph:

All disposals of land shall be authorised by Cabinet on the basis of advice by the Corporate Director (Finance & Operations), and Cabinet shall also

approve any nonmonetary aspects of the disposal where they are material to the consideration sought.

8. The reference to all land disposals requiring Cabinet authorisation could require Cabinet to approve the disposal of a piece of land with a value as low as £5k, (noting that within the Constitution The Assistant Director (Finance and Resources) has delegated authority to authorise disposals for £5k or less). Decisions relating to lower value transactions do not constitute the most efficient use of Cabinet time, and could subject relatively small decisions to an unnecessarily long approval process.
9. In order to improve the efficiency of the land disposal process, it is recommended that this single paragraph within the Regulations is replaced with the following three regulations:

Regulation D24 1c)

Disposals of land valued at £500k or above shall be authorised by Cabinet on the basis of advice by the Corporate Director (Finance & Operations), and Cabinet shall also approve any nonmonetary aspects of the disposal where they are material to the consideration sought.

Regulation D24 1d)

Disposals of land valued above £5k but below £500k may be authorised by the Corporate Director (Finance & Operations) in consultation with the Portfolio Holder for Finance & Resources.

Regulation D24 1e)

Disposals of land valued at £5k or below may be authorised by the Assistant Director (Finance and Resources).

10. The £500k threshold has been recommended to match the approval limits of the Corporate Directors as stated within the Council's Procurement Standing Orders, approved by Full Council in July 2014.
11. All land disposals undertaken under the new recommendations would retain the appropriate financial and legal controls: an external valuation of the land would still be required, and a formal Officer Decision Sheet would be produced, requiring comments from both the S151 Officer and the Monitoring Officer.

Committee scrutiny of the proposed amendments

12. The recommendation relating to *Section 106* contributions has been scrutinised by both the Finance & Resources Overview and Scrutiny Committee (June 2015), and the Audit Committee (July 2015). Both committees confirmed that they were content with the recommendation and did not request that Cabinet considers any additional information.
13. The recommendation relating to the disposal of assets has been made since both of the Committee meetings referred to above took place. The Chairs of both committees have been contacted with details of the additional recommendation,

and both have confirmed that they are content for Cabinet to consider without the need for further scrutiny by their committee.