



**AGENDA ITEM:
SUMMARY**

Report for:	Cabinet
Date of meeting:	19 October 2021
PART:	1
If Part II, reason:	

Title of report:	Review of Financial Regulations 2021
Contact:	Cllr Graeme Elliot, Portfolio Holder for Finance and Resources James Deane, Corporate Director (Finance and Operations) Nigel Howcutt, Assistant Director (Finance and Resources)
Purpose of report:	To present the updated Financial Regulations 2021.
Recommendations	To approve the updated Financial Regulations 2021.
Corporate objectives:	Delivering an efficient and modern council.
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.
Community Impact Assessment	The content of this report does not require a Community Impact Assessment to be undertaken.
Health And Safety Implications	There are no Health and Safety implications arising from this report.
Monitoring Officer/ Section 151 Officer Comments	Monitoring Officer: No comments to add to the report. Deputy S.151 Officer The financial Regulations are reviewed on an annual basis to ensure they are fit for purpose and in line with current financial regulations and stature.

	The changes detailed in this report are predominantly related to improved Internal financial processes, and have no significant impact on financial governance and control.
Consultees	The position reported within this report has been reviewed and discussed with relevant Council Officers.
Background papers	Agenda item
Glossary of acronyms and any other abbreviations used in this report:	None.

1. Introduction

- 1.1** 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.
- 1.2** In accordance with good practice, the Financial Regulations are reviewed periodically to ensure that they remain relevant throughout any structural or operational changes within the Council, as well as legislative changes and relevant best practice guidance.
- 1.3** 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.
- 1.4** Other minor amendments have been made to the Regulations to ensure they reflect current legislation, role titles and best practice guidance.

2. Recommended update relating to supplementary budgets

- 2.1 Annex B Regulation B.11 Scheme of virement.** Virement is an in- year mechanism for formally determining and seeking agreement to the transfer of funds from one approved budget heading to another. It applies to both revenue and capital budgets.
- 2.2** The Council's current Regulations do not distinguish between a virement that is one- off in nature (impacting current- year budgets only) and one that is permanent (will also impact upon future- year budgets). It is proposed that when approval is sought for a virement, it is specified whether the virement is one –off or whether it is permanent. This avoids approval needing to be sought on multiple occasions for the same virement.
- 2.3** The Council's current Regulations also require all capital virements to obtain the authorisation of Cabinet, unless such a virement has been delegated by Cabinet to the Portfolio Holder (Finance & Resources). It is proposed that capital virements follow the same hierarchy of authorisations as revenue virements. This is provided at Appendix A, Schedule of Authorisations, item 1. Note that this means that any capital virement over £50k would still need to be approved by Cabinet.
- 2.4** The proposed hierarchy of authorisations for capital virements is as follows:

Type	Applies to transfers between	Sanctioning Authority
1	Between Cabinet Portfolios	Cabinet
2	Between Services within a Portfolio	Director and Portfolio Holder
3	Between CIPFA Subjective headings within the same Service	Director and Group Manager
4	Between budgets both within the same Service and the same CIPFA Subjective heading	Director and Group Manager
5	For items 2, 3 and 4 above where the amount to be vired is at least <ul style="list-style-type: none"> • £50,000 And • 10% of the transferring budget 	Cabinet

3. Recommended update relating to the acquisitions of assets

3.1 Annex G Regulation E.5. Acquisitions of assets. It is proposed to specify within the regulations a scheme of delegation for the acquisition of assets. Current practice is to follow the scheme of delegation for payment authorisation when acquiring assets. The proposed scheme of delegation for the acquisition of assets is identical to that for payments in terms of price thresholds.

3.2 The proposed scheme of delegation is set out in the following table:

Postholder	Authorisation Level
	Total asset purchase price
Chief Executive	£500,000
Section 151 Officer	£500,000
Corporate Director	£500,000
Assistant Director	£250,000
Group Manager	£75,000
Team Leader	£25,000

3.3 Any acquisition with a total purchase price of over £500k in value shall be authorised by Cabinet, with the exception of land or buildings purchased for the Council's Housing Revenue Account new build housing programme and which is 100% funded from the Housing Revenue Account's Strategic Acquisitions reserve.

3.4 The authorisation of any land or buildings with a total purchase price of over £500k purchased for the Council's Housing Revenue Account new build housing programme and which is 100% funded from the Housing Revenue Account's Strategic Acquisitions reserve will be delegated to the Corporate Director,

Housing and Regeneration in consultation with the Corporate Director Finance and Operations, the Assistant Director, Corporate and Contracted Services and the Portfolio Holder, Housing and the Portfolio Holder Finance and Resources.

- 4. Recommendation** Cabinet are recommended to approve the updated Financial Regulations 2021.