

# AUDIT AND GOVERNANCE COMMITTEE



Report subject	<b>Financial Regulations - Annual evolution for 2023/24</b>
Meeting date	16 February 2023
Status	Public Report
Executive summary	<p>Evolutionary changes to the Council's Financial Regulations are summarised in this report and shown in red text throughout the document at Appendix A and include:</p> <p>A very minor clarification for maintained schools has been added, using waiver sign off as an example, to recognise schools have the ability to sign off certain financial matters according to their own schemes of delegation hierarchy.</p> <p>References to Poole Housing Partnership managing the Poole locality side of the Housing Revenue Account have been removed.</p> <p>Part G, Procurement and Contract Procedures, has been subject to layout changes to the format, numbering and ordering to more naturally follow the order of activity associated in a procurement process and to align to the 'Government Commissioning &amp; Procurement Playbook'.</p> <p>For simplicity the whole of Part G has been shown in red text, to indicate a change from previous versions, but the actual requirements in the context of what is expected of Council staff when commissioning and procuring works, goods and services are not fundamentally different.</p> <p>There are three changes to the Corporate Schedule of Financial Delegations, Appendix 1 to the Regulations. These changes include :</p> <ul style="list-style-type: none"><li>○ Revenue Virement delegation clarification (RV6)</li><li>○ A new expenditure delegation (EX13) for special severance payments to align with statutory guidance (May 2022)</li><li>○ Expansion of a previous delegation, covering only business rates, to now include Council Tax and any other tax rebate relief (TR1) where the Council must implement a fully funded government programme or scheme.</li></ul>
Recommendations	<p><b>It is RECOMMENDED that Audit &amp; Governance Committee:</b></p> <ul style="list-style-type: none"><li>● <b>approve the Financial Regulations as shown in Appendix A before referral to Council for adoption.</b></li></ul>

Reason for recommendations	The Council's Financial Regulations are subject to annual evolution to align to the start of each financial year.
Portfolio Holder(s):	Cllr Drew Mellor, Leader of the Council
Corporate Director	Graham Farrant, Chief Executive
Report Authors	Nigel Stannard Head of Audit & Management Assurance ☎01202 128784 ✉ <a href="mailto:nigel.stannard@bcpcouncil.gov.uk">nigel.stannard@bcpcouncil.gov.uk</a>
Wards	Council-wide
Classification	For Recommendation Approval

## Background

1. BCP Council's Financial Regulations currently form Part 5 of The Constitution.
2. Council agreed that the Financial Regulations (the Regulations) will be subject to a business as usual 'annual evolution' so they remain up-to-date and receptive to the rapidly changing internal and external environment in which the Council operates. Such 'annual evolution' will be approved by Council.
3. As far as is practical, subject to when Council meetings fall, the evolution of the Regulations will align to as close to the start of the financial year as possible. For 2023/24 Council meets on 21 March 2023 so this evolution of Financial Regulations will be live from 1 April 2023.
4. Evolutionary changes are show in red text; this method transparently highlights the changes and negates the need for a page turn comparison to find out what has changed. Only the latest evolution is shown in red text, changes from previous year revert to standard black text.
5. The Chief Finance Officer (CFO) is responsible for maintaining and updating the Regulations and the Corporate Schedule of Financial Delegations, which is Appendix 1 of the Regulations. The CFO has delegated authority from Council to make in-year amendments and editing changes which may be occasionally necessary, such as in cases of new or revised legislation or UK law or to correct errors, ambiguity or where unintended interpretation matters arise. This delegation will also be used if any officer designations (job or role names) need changing, as a result of any restructuring for example, most likely within Appendix 1.
6. This annual evolution is formally known as BCP Financial Regulations EVO23.v1, where 23 stands for the financial year and v1 stands for the version agreed by Council. If the CFO makes any delegated amendments as per paragraph 5 above then this will be shown as v2, v3 and so on, as required.

## Changes in BCP Financial Regulations EVO23.v1

7. The bullet points below summarise the evolutionary changes made:
  - A very minor clarification for maintained schools has been added, using waiver sign off as an example, to recognise schools have the ability to sign off certain financial matters according to their own schemes of delegation hierarchy.
  - References to Poole Housing Partnership managing the Poole locality side of the Housing Revenue Account have been removed.
  - Part G, Procurement and Contract Procedures, has been subject to layout changes to the format, numbering and ordering to more naturally follow the order of activity associated in a procurement process and to align to the 'Government Commissioning & Procurement Playbook (including the use of 'Playbook' headings), which is likely to increasingly influence policy and legislative changes expected during 2023 and 2024.

For simplicity the whole of Part G has been shown in red text, to indicate a change from previous versions, but the actual requirements in the context of what is expected of Council staff when commissioning and procuring works, goods and services are not fundamentally different.
- There are three changes to the Corporate Schedule of Financial Delegations, Appendix 1 to the Regulations.
  - A Revenue Virements delegation, RV6, has been clarified to avoid any doubt in what can be corrected by the CFO (or their representative) if budget upload errors are identified or where budgets previously held centrally need apportioning to services.
  - A new Expenditure delegation, EX13 Special Severance Payments, has been added to reflect requirements of new statutory guidance (May 2022).
  - The previous delegation to allow the CFO to implement any central government fully funded business rate relief schemes (where implementation requires the Council to use its discretionary powers under either Section 47 of the Local Government Finance Act 1988 or Section 13A of the Local Government Finance Act 1992) has been expanded to include Council Tax or other tax rebate relief schemes meeting the same criteria. This delegation (TR1) is in place to allow swift implementation of national schemes such as those during the covid pandemic or in response to cost-of-living crisis.
8. There are no material changes in any other sections of the Regulations. Minor changes include replacing terminology or government guidance which have been superseded.

## BCP Debt Management Policy

9. The Financial Regulations, Part F, Financial Systems and Procedures, Income, provides the strategic framework for debt collection and debt management within BCP Council. The BCP Debt Management Policy contains the operational detail and procedures to supplement the Regulations.
10. It should be noted that this detailed operational policy is in the process of being subject to annual evolution to ensure it remains up-to-date and will be approved by the Director Strategy Group for the 2023/24 financial year.

## **Options Appraisal**

11. The Council could choose to update, refresh, evolve the Financial Regulations on a less frequent basis than annually. There is an inherent and obvious risk with such an approach that the Financial Regulations could become out of date and fail to keep pace with the rapidly changing internal and external environment in which the Council operates.

## **Summary of financial implications**

12. The Financial Regulations provide the governance framework for managing the Council's financial affairs. 'How to' guidance and procedures are in place to compliment the specific requirements of the Regulations.

## **Summary of legal implications**

13. The Financial Regulations are Part 5 of the Council's Constitution and apply to every councillor and officer acting behalf of the Council.
14. The Local Government Act 1972 (Section 151) makes the Chief Finance Officer responsible for the proper administration of the Council's financial affairs. The Regulations are issued pursuant to these responsibilities.

## **Summary of human resources implications**

15. The Financial Regulations apply to every councillor and officer acting behalf of the Council.

## **Summary of sustainability impact**

16. Part G of the Financial Regulations includes requirements for commissioning officers and the Strategic Procurement Team (SPT) to follow to ensure the Council considers environmental sustainability when procuring works, goods and services.
17. A requirement to obtain local supplier quotes (BH, DT and SO postcodes) is included for purchases which are less than £25,000.

## **Summary of public health implications**

18. There are no direct public health implications from this report.

## **Summary of equality implications**

19. There are no direct equality implications from this report.

## **Summary of risk assessment**

20. Lack of compliance and awareness is the most significant and impactful risk in a Financial Regulations context. A continuous and evolving training, supporting and promoting programme exist utilising a range of activities including formal training, one-off bespoke awareness sessions, blogs and staff communications.

## **Background papers**

None

## **Appendices**

Appendix A - BCP Financial Regulations EVO23.v1