



**OPEN REPORT
COUNCIL**

Council – 28 September 2023

PROPOSED AMENDMENTS TO THE CONSTITUTION – FINANCIAL REGULATIONS

Report of the Director of Resources

Report Author and Contact Details

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Wards Affected

District-wide

Report Summary

To recommend the adoption of revised Financial Regulations (attached at Appendix 1) following a review to ensure that the rules comply with current best practice requirements. This technical part of the Constitution has multiple links and was last reviewed in September 2022.

Recommendation

That the draft Financial Regulations be approved and adopted as Part 9 of the Council's Constitution.

List of Appendices

Appendix 1 Draft Financial Regulations

Background Papers

None

Consideration of report by Council or other committee

N/A

Council Approval Required

Yes

Exempt from Press or Public

No

Proposed Amendments to the Constitution –Financial Regulations

1. Background

- 1.1 Section 151 of the Local Government Act 1972 requires the Council to make arrangements for the proper administration of its financial affairs. It is required to conduct its business efficiently and to ensure that it has sound financial management policies in place and that they are strictly adhered to. Financial regulations, which set out the financial policies of the Council, are the means by which the Council meets that requirement.
- 1.2 The Council has adopted Financial Regulations as part of the Constitution which have been amended from time to time as required to meet the Council's operational needs. The Financial Regulations were last reviewed in 2022.
- 1.3 The Monitoring Officer has delegated authority to make consequential changes to the Constitution to reflect the provisions of the Financial Regulations

2. Key Issues

- 2.1 Financial Regulations are an essential part of good corporate governance. They set out a clear regulatory framework for managing the Council's financial affairs, and they define those accountable for the use of the Council's resources. They state not only what has to be done, but who is responsible for it. They apply to every Member and employee of the Council and anyone acting on its behalf, including partnerships which are subject to formal partnership arrangements.
- 2.2 Financial Regulations should be used in conjunction with the Constitution, and other internal regulatory frameworks such as Contract Standing Orders, Codes of Conduct and the Scheme of Delegation.
- 2.3 The Director of Resources has carried out a review of Financial Regulations and a revised version is shown in Appendix 1. The key changes proposed in this report:
 - provide more clarity in respect of virements (budget transfers) and use of reserves (regulation 2.12.4);
 - provide minimum values for specific requirements relating to stocks and inventories (regulation 4.8.3);
 - set out more clearly the responsibilities and procedures relating to raising requests for customer invoices - sales orders (regulation 5.2);
 - set out more clearly the responsibilities and procedures relating to raising requests for customer invoices - sales orders (regulation 5.2);
 - set out more clearly the responsibilities and procedures relating to ordering and paying for work, goods and services (regulation 5.3);
 - update limits for delegated authority to approve virements & supplementary budgets and for the requirement to report to a policy committee or Council from £25,000 to £30,000. This reflects inflation

over recent years and aligns with the thresholds for Contract Standing Orders.

- 2.4 These Financial Regulations will be kept under review and when necessary amendments will be considered and recommendations made to Full Council. Changes will be required to support the introduction of new regulations, technologies, inconsistencies in the current regulations and minor drafting amendments.

3. Options Considered and Recommended Proposal

- 3.1 This report recommends that the Council replaces its existing Financial Regulations with the version set out in Appendix 1.

- 3.2 In preparing this report and the proposed changes consideration was given by the Director of Resources to recommended practice from CIPFA, as well as reviewing where improvements can be made to existing provisions. In view of this, it is recommended that the updated financial regulations be approved.

4. Consultation

- 4.1 The proposed changes to Financial Regulations have been subject to consultation with the Head of Paid Service (Chief Executive) and Monitoring Officer (Director of Corporate & Customer Services) as statutory officers. Other Directors of Service also had the opportunity to comment on the proposed changes. As a set of procedures that act as internal controls for the authority, the proposed changes have not been subject to external consultation.

5. Timetable for Implementation

- 5.1 It is expected that, subject to approval at the Council meeting on 28 September, the revised financial regulations will come into force on 1st October 2023. A copy of the revised Financial Regulations will be placed on the staff intranet and brought to the attention of employees.

6. Policy Implications

- 6.1 Good governance is the cornerstone for all the Council's corporate priorities and the adoption of revised Financial Regulations will provide further assurance to Members, officers and the electors of the Derbyshire Dales that the Council is operating to the highest standards in respect of its financial management.

7. Financial and Resource Implications

- 7.1 Financial Regulations help to ensure that the Council has satisfactory arrangements for the proper administration of its financial affairs. The proposed Financial Regulations set out a clear regulatory framework for managing the Council's financial affairs, and they define those accountable for the use of the Council's resources. This should ensure a high standard

of financial management that will reduce the risk of financial loss. The financial risk associated with this report's recommendation is therefore assessed as low.

- 7.2 Should the Council's financial regulations be inadequate, it could lead to a financial loss that could be a medium to high financial risk and could result in reputational damage.

8. Legal Advice and Implications

- 8.1 This report relates to the adoption of revised Financial Regulations
- 8.2 The report proposes effective financial regulations, which are to be read in conjunction with the Council's contract standing orders. Whilst not all risks can be mitigated, the measures currently in place provide for low legal risk.
- 8.3 The Council must prepare and keep up to date a constitution in accordance with s37 of the Local Government Act 2000. The minimum requirements for the content are set out in The Local Government Act 2000 (Constitutions) (England) Direction 2000 which includes a description of the rules and procedures for the management of the council's financial affairs including: procedures for auditing and financial rules. The finance regulations meet the requirements of the Local Government Act (Constitutions) (England) Direction 2000 and are the rules that officers follow in the day-to-day operation of the council as set out within this council's budget and statutory framework.
- 8.4 There is one recommendation stated within this report. The legal risk of taking the decision as recommended has been assessed as low.

9. Equalities Implications

- 9.1 There are no equalities implications for this report.

10. Climate Change Implications

- 10.1 There are no direct climate change implications arising from the recommendations of this report

11. Risk Management

- 11.1 Financial regulations are designed to provide good corporate governance and to mitigate risks of poor financial management. The current regulations are out of date, in some places, and this creates potential for confusion, errors and misunderstandings. Updating the regulations will address these issues and problems and ensure that the council continues to have sound financial management policies in place.

Report Authorisation

Approvals obtained from:-

	Named Officer	Date
Chief Executive	Paul Wilson	18/09/2023
Director of Resources/ S.151 Officer (or Financial Services Manager)	Karen Henriksen	20/09/2023
Monitoring Officer (or Legal Services Manager)	Kerry France	20/09/2023