

ANGUS COUNCIL

ANGUS COUNCIL – 9 SEPTEMBER 2021

FINANCIAL REGULATIONS REVIEW

REPORT BY IAN LORIMER, DIRECTOR OF FINANCE

ABSTRACT

The report seeks approval for the application of revised Financial Regulations which have undergone a review and updating process.

1. RECOMMENDATIONS

1.1 It is recommended that the Council:

- i) Approve the revised Financial Regulations ([at this link](#)) for application with immediate effect;
- ii) Note that a review of Section 16 of the Regulations covering procurement arrangements will be undertaken at a later time (the last one having taken place in 2017 which included alignment to then recent changes in legislation) as part of the wider Procurement Review for Angus Council as set out in paragraph 3.2 of this report;
- iii) Note that further revisions to the Council's Financial Regulations may be required once the outcome of the work being undertaken by the Governance Member Officer Working Group reviewing Standing Orders is known to ensure consistency between these key governance documents but that the changes recommended in this report are considered essential meantime; and
- iv) Note that the references made to Standing Order provisions will be changed once the new Standing orders are approved.

2. ALIGNMENT TO THE COUNCIL PLAN

2.1 This report contributes as a whole to the achievement of the Council Plan.

3. BACKGROUND

3.1 The Financial Regulations represent a key policy document for ensuring the effective administration and use of the Council's resources. As part of good governance, it is necessary to periodically review the Financial Regulations to ensure these remain fit for purpose and take account of changes in the Council's operational environment.

3.2 A review process was commenced in November 2019 and correspondence was issued to all Services of the Council seeking any comments they may have on the existing Regulations framework. The initial plan was that the revised version of the financial regulations would be presented to Angus Council in March/April 2020, however due to the onset of the pandemic this has been delayed due to increased workload from COVID-19. Officers contributing to this review have been consulted in the collation of the finalised document. The review covered all aspects of the Financial Regulations except Section 16 (Procurement Arrangements) which will alternatively be reviewed early next calendar year. The proposed Tayside shared procurement service project (Procurement and Commissioning Tayside) included a review of all partners' contract / procurement internal rules as part of its planned output. This work is no longer

happening on a Tayside basis so review of the procurement aspects of the Financial Regulations reverts to Angus Council. Rather than delay the wider review of Financial Regulations, it was considered appropriate to deal with the review of Financial Regulations Section 16 (Procurement Arrangements) separately. It may be noted that Financial Regulations Section 16 (Procurement Arrangements) was fully reviewed in 2017, including to reflect then recent changes in procurement legislation, particularly the Procurement Reform (Scotland) Act 2014, which came into force between April and June 2016 (Report No 404/17 approved by Angus Council at its meeting on 7 December 2017 refers).

- 3.3 A review is also taking place of the Council's Standing Orders. It should be noted that some further minor adjustments could be required to the Financial Regulations following conclusion of that review specifically around any areas of duplication through Service's schemes of delegation. Given the delay that has taken place in presenting the revised Financial Regulations, it was considered necessary to have these approved now rather than await further minor amendments which may come from the work of the Governance Member/Officer Working Group's review of the Standing Orders.

4. REVISED FINANCIAL REGULATIONS

- 4.1 The revised Financial Regulations are available on the Council's website [at this link](#). The following table sets out the key proposed changes in procedure / policy being recommended:-

Table 1 – Financial Regulations proposed changes

Section	Subject	Proposed Change
2.5	Revenue Budget – Policy and Budget Setting Strategy	The detail of specific budget groups has been removed. Reference to the Shadow Budget Group (SBG) that has been established to support non admin members during the budget setting has been added into the section.
2.10	Revenue Budget - Participatory Budgeting	Section added in to ensure officers follow Scottish Government guidance and best practice in this area.
3.8	Revenue Budget Monitoring - Contract Variations	This section has been deleted as reporting of financial changes to a contract are reported through the Corporate Monitoring to Policy & Resources Committee so no longer applicable.
3.9	Revenue Budget Monitoring - School Conveyance Contracts	This section has been deleted as reporting of financial changes to a contract are reported through the Corporate Monitoring to Policy & Resources Committee so no longer applicable.
4.3	Revenue Budget Virement – Permitted Limits of Virement	New virement limits have been proposed to take account of changes in the Council's management structure and service budgets.
4.4	Revenue Budget - Virement Guidelines	An additional rule has been added which states that no virement shall take place in respect of employee costs due to the policy on the corporate management of staff cost budgets and the associated budget slippage target.
5.7	Capital Budget & Capital Plan – Policy and Budget Setting Strategy	Reference to the Shadow Budget Group (SBG) that has been established to support non admin members during the budget setting has been added into this section.
5.13	Capital Budget & Capital Plan – Treatment of Expenditure Slippage	This section has been deleted as this is considered operational and is no longer relevant to current practice and processes.

7.6	Capital Monitoring - Contract Variations	This section has been deleted as reporting of financial changes to a contract are reported through the Corporate Monitoring to Policy & Resources Committee so no longer applicable.
12.1	Internal Audit - Introduction	The section has been updated to reflect current working arrangements as there is no longer a co-source contract and service is provided in-house.
12.3	Internal Audit – Links to Internal Audit Supporting Policies	The Code of Data Matching practice has been removed on the advice from Legal Services, in that the document refers to a method of uncovering fraud rather than relating to a financial transaction.
17	Acquisition and Disposal of Assets	Section updated to address findings and actions from Internal Audit Report on Lochside Leisure Centre.
17.2.2	Acquisition and Disposal of Assets - Protocol for exiting council properties (Building Decommissioning Protocol)	Section updated to reflect recommendations from Internal Audit Report.
24	Stores, Inventories & Assets	Section has been updated to address findings and actions from Internal Audit Report 18/02 on Inventory and Stock.
29	Grants	Section updated to address findings from Internal Audit Report
30	Common Good Funds	Updated wording regarding the Community Empowerment Act.
30.5	Common Good Funds – Procedures for Accessing Common Good Funds	Reference to Community Grants has been removed as this no longer applies to the Common Good Fund.
30.6	Common Good Funds – Assets Owned by Common Good Funds	Reference to new legislation has now been included.
33.4	Receipt of Gifts, Gratuities and Hospitality-Expenditure on Hospitality	This section has been updated to incorporate wording in Standing Order 43 (Expenditure on Hospitality) as this is considered a matter of financial detail by Legal Services.
Appendix 1	Delegated Limits and Thresholds (Leases and Disposals)	Appendix 1 has been amended to bring this in line with the delegated authority limits as set out in the Standing Orders 2019 and to reflect the consensus of Officers recommendations from the Economic Development LEAN Review
Appendix 1	Delegated Limits and Thresholds (Land & Buildings)	Appendix 1 has been amended to increase the Delegated Authority limit from £50k to £100k for full delegation. A further threshold of £250k has also been created for full delegation following initial committee approval (providing the bid is within +/- 10% of the value and does not exceed the £250k threshold). The existing £50k limit is quite low and is causing issues where bidders are expecting a quick response to their bids. This will help reduce administration and delays in sales.

Appendix 1	Delegated Limits and Thresholds (Land & Buildings)	Appendix 1 has been amended to increase the Auction limit to £100k to match the delegated authority limit for all other property transactions.
Appendix 2	Virement Example	Appendix 2 has been removed as this is no longer relevant to current practice.
Appendix 5a	Common Good Fund - Policy Statement	This appendix has been replaced with a revised policy, approved by Angus Council on the 13 May 2021, report 138/21 refers. An additional Appendix has been added which sets out a summary guide to the interaction between Common Good and General Fund Assets.

4.2 In addition to the above policy matters, the opportunity was taken to amend wording through this review as follows:-

- Titles & Services were changed to reflect the current council structure.
- Terminology changed to be consistent with the terminology used in our financial systems, processes and reports.
- Wording changed to reflect current working arrangements and practices.
- Director of Finance defined as Section 95 officer and Director of Legal & Democratic defined as Monitoring Officer throughout the regulations to reduce the number of future amendments should job titles change in the future.
- Removed mention of specific Groups.

5. FINANCIAL IMPLICATIONS

5.1 There are no new financial implications arising from the recommendations in this report.

6. EQUALITY IMPACT ASSESSMENT

6.1 An equality Impact Assessment is not required.

NOTE: No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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