

Report to:	Audit and Governance Committee Council	Date of Meeting:	16 September 2020 19 November 2020
Subject:	Financial Procedure Rules		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

This report seeks approval for revisions to the Financial Procedure Rules.

Recommendation(s):

1. That the Audit and Governance Committee:
 - (1) Consider and approve the revision to the Financial Procedure Rules set out in Appendix 1 to this report.
 - (2) Refer the duly amended Financial Procedure Rules to Council for approval.
2. That Council approve the amended Financial Procedure Rules as set out in Appendix to the report

Reasons for the Recommendation(s):

To enable the Council to adopt the recommended revisions to Financial Procedure Rules.

Alternative Options Considered and Rejected: (including any Risk Implications)

As part of the annual review of the Councils constitution, the Council's Financial Procedure Rules (FPR) have been the subject of review. This has resulted in a number of proposed revisions, which are now presented for consideration by Audit & Governance Committee and referral to Council for their consideration and approval.

No alternative options have been considered.

What will it cost and how will it be financed?

(A) Revenue Costs

There are no additional costs arising directly from this report.

(B) Capital Costs

Not Applicable

Implications of the Proposals:

<p>Resource Implications (Financial, IT, Staffing and Assets):</p> <p>There are no additional resource implications associated with this report. Existing staffing resources will be involved in financial management and will be required to comply with the FPRs.</p>
<p>Legal Implications:</p> <p>Production of this report has been considered in line with Section 151 of the Local Government Act 1972, Section 114 of the Local Government Finance Act 1988, the Local Government and Housing Act 1989 and the Local Government Act 2003 together with other relevant legislation as detailed within the Financial Procedure Rules.</p>
<p>Equality Implications:</p> <p>There are no equality implications.</p>

Contribution to the Council’s Core Purpose:

Effective management of the Council’s financial affairs supports each theme of the Council’s Core Purpose.

Protect the most vulnerable: See comment above
Facilitate confident and resilient communities: See comment above
Commission, broker and provide core services: See comment above
Place – leadership and influencer: See comment above
Drivers of change and reform: See comment above
Facilitate sustainable economic prosperity: See comment above

Greater income for social investment: See comment above
Cleaner Greener See comment above

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The review of the Financial Procedure Rules has been led by a multi-disciplinary team including officers from financial management, internal audit and senior officers within the Council. The final document as included within this report has also been the subject of review and initial approval by the Council’s Monitoring Officer, prior to presentation to members.

The Executive Director of Corporate Resources and Customer Services (FD5989/20) and the Chief Legal and Democratic Officer (LD4172/20) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Not Applicable

Implementation Date for the Decision

Immediately following the Committee / Council meeting.

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Appendices:

The following appendices are attached to this report:

Appendix 1 – Revised Financial Procedure Rules

Background Papers:

There are no background papers available for inspection.

1. Financial Procedure Rules

- 1.1 As part of the annual review of the Council's Constitution, the Council's Financial Procedure Rules have been the subject of review.
- 1.2 This review has been led by a multi-disciplinary team including officers from financial management, internal audit and senior officers within the Council. The final document as included within this report has also been the subject of review and initial approval by the Council's Monitoring Officer, prior to presentation to members.
- 1.3 As would be expected, large elements of the previous version of the Financial Procedure Rules remain as previously approved, however certain changes are proposed and are discussed below. These changes align with the Council's structure, Framework for Change programme and the aims of the Financial Procedure Rules such that:
- They provide the framework for managing the financial affairs of the Council;
 - They define the roles and responsibilities of members and officers;
 - They facilitate the effective operation of Council activity; and
 - They provide a framework for the delivery of an effective internal control environment.

- 1.4 Having reviewed the Financial Procedure Rules there are a number areas that are reflected in the updated schedule and the changes have been summarised below:

Changes as a result of Organisational redesign

- 1.5 The Financial Procedure Rules have been updated to take account of changes to roles and responsibilities and job titles within the Council including those approved by Cabinet on the 5th December 2019.

Earmarked Reserves and Contingencies (paragraph 51)

- 1.6 Earmarked Reserves and Contingencies are set up for specific purposes and as such their use will be in accordance with the approved usage. Reserves and contingencies are already reviewed as part of each budget cycle and the annual closure of accounts process. The previous version of the Financial Procedure Rules did not specify the frequency of the review and so the update is required to bring this into line with good practice.

Capital Block Allocations (paragraph 53)

- 1.7 Council approves the inclusion of capital block grant allocations within the Capital Programme. The update within the document will define the approval route for schemes within such blocks.
- 1.8 Any allocations over and above £1m will still require approval from full Council.

- 1.9 Regular budget monitoring will remain in place and will continue to be presented to Cabinet and Council on a monthly basis.

Section 106 (paragraph 57-60)

- 1.10 In order to support the delivery of schemes that are supported via s106 funding and which is administered from within the Communities service the Finance Procedure Rules have been updated with regard to this delegation.
- 1.11 Approval limits will be agreed with the Section 151 Officer and have been included in both the revised FPR's and within the services own scheme of financial delegation. This will further increase the efficiency of the process with it being akin to normal service expenditure that has been fully delegated.
- 1.12 The reporting process will be in accordance with the Council's normal and established monthly monitoring process.

Capital Expenditure (paragraph 94)

- 1.13 The current de minimis level for capitalisation is set at £10,000. The proposed amendment will enable this limit to be varied at the discretion of the Section 151 Officer. This will provide additional flexibility, for example, where funding is derived from a capital grant.

Assets (paragraph 153)

- 1.14 Cabinet, on the 9th January 2020, were provided with details of assets that have been identified as being available for disposal and the proposed approach to this exercise. The disposal programme aims to support the Council's objectives e.g. delivery of the Local Plan and to maximise the capital sums available in order to contribute to the Framework for Change, 'Cost of Change Budget' and the projects within the Growth and Investment programme
- 1.15 An amendment to the FPRs has been made to require that the Service Manager – Property Services ensures that there is a current (annually reviewed) Asset Management Strategy and Asset Disposal Policy in place in order to support this exercise.

Charging for Income (paragraphs 205)

- 1.16 The revised FPRs delegate approval of fees and charges to the respective Cabinet Member. This will provide greater flexibility for service areas to ensure that fees are set at the most appropriate level and are reviewed and adjusted in a timely manner in advance of each financial year. These decisions will be published.

Credit Cards, Debit Cards and Purchase Cards (paragraph 238)

- 1.17 A minor amendment has been made to this section to state that Purchase Cards/Credit Cards/Debit Cards should only be used for legitimate Council business by the person who has been allocated the card and whose name the card is in. This will support the control and associated risk management in this area.

Sponsorship Arrangements (paragraphs 278 to 281)

- 1.18 Sponsorship is defined as - "An agreement between the Council and the sponsor, where the Council receives either money or a benefit in kind for an event, campaign or initiative from an organisation or individual which in turn gains publicity or other benefits".
- 1.19 The FPRs have been updated to reference the Sponsorship Policy, the Code of Conduct and the associated approval route and financial approval levels. This amendment will support the objectives as detailed within the policy including protection of the Council's position and reputation and ensuring that best value is obtained from any agreements.