
FINANCIAL REGULATIONS

Report by the Chief Financial Officer

SCOTTISH BORDERS COUNCIL

29 November 2018

1 PURPOSE AND SUMMARY

- 1.1 **This report seeks members' approval for an updated version of the Council's Financial Regulations.**
- 1.2 Financial Regulations are a key element in the governance arrangements for the Council. They focus primarily on the financial control, management and administration of the Council's financial affairs. The Regulations were last comprehensively reviewed in June 2016.
- 1.3 Updates to the Financial Regulations reflect amendments to:
- Financial Planning section (section 6);
 - The Council's virement rules (section 7);
 - Procurement of Goods, Services & Works (section 21);
 - Travelling, Subsistence and Other Expenses (section 24).
- 1.4 Generally the Regulations have been brought up to date to reflect changes in management responsibilities and procedures. There are no substantial changes in terms of the principles behind the Regulations or the control arrangements currently in place. It is considered that following the implementation of Business World ERP (integrated Finance, HR & Procurement system) these amended financial regulations are fit for purpose in the new operating environment.

2 RECOMMENDATIONS

- 2.1 **It is recommended that Scottish Borders Council approves the revised Financial Regulations shown at Appendix 1 for immediate implementation.**

3 BACKGROUND

- 3.1 Section 95 of the Local Government (Scotland) Act 1973 places a duty on every Local Authority to “make arrangements for the proper administration of their financial affairs”. One of the key ways in which the Council discharges that duty is to establish a framework for the financial control, management and administration of the Council’s affairs; this is done through the Financial Regulations. The Council’s Procedural Standing Orders require these to be approved by Council.
- 3.2 For the purpose of completeness the other main documents which identify the Council’s overall governance arrangements are:
- Procedural Standing Orders
 - Scheme of Administration
 - Scheme of Delegation
 - Local Code of Corporate Governance

4 AMENDMENTS TO FINANCIAL REGULATIONS

- 4.1 The last comprehensive review of Financial Regulations took place in June 2016. The financial regulations have now been updated and amended to reflect the current operating environment within the Council. The main changes are highlighted below.

4.2 Financial Planning (section 6)

Inclusion of a paragraph within the Financial Planning section 9 (section 6) to be clear that the Council is required to approve a balanced budget for each financial year and will ensure that the revenues of the Authority including Government Grant, Non-Domestic Rate income, Fees & Charges and planned budget savings are sufficient when combined with the Council Tax product to finance the expenditure plans for the Authority.

4.3 Virement Rules (section 7)

In response to feedback from Elected Members the virement rules have been amended to ensure that Members are considering material virements at the Executive Committee and not minor budget transfers less than £10,000. This will ensure focus can be given to material virements without the volume of small, low value budget adjustments which required to be presented to the Executive Committee for approval under the previous Financial Regulations.

4.4 Procurement of Goods, Services & Works (section 21)

This section has been updated to reflect amended Procurement procedures following the implementation of Business World.

4.5 Travelling, Subsistence and Other Expenses (section 24)

This section has been updated following the launch of the ‘Business Travel Decision Maker’ which must be used by officers before travel on authorised Council business to ensure the most efficient and effective approach is taken to travel. The options include use of technology to access a meeting remotely, car sharing, travel by train and use of Council pool cars before travel in an employee’s own vehicle should be considered.

- 4.6 Generally the Regulations have been brought up to date to reflect changes in management responsibilities and procedures. There are no substantial changes in terms of the principles behind the Regulations or the control arrangements currently in place.
- 4.7 It was recognised that the implementation of a new Enterprise Resource Planning (ERP) System, "Business World", on 1 April 2017 would result in changes in the way in which financial and business administration is conducted across the Council. Taking into account all system and business process changes currently in place it is considered that these amended financial regulations are fit for purpose in the new operating environment.

5 IMPLICATIONS

5.1 Financial

There are no direct financial implications attached to any of the recommendations contained in this report.

5.2 Risk and Mitigations

Financial Regulations provide the framework for the control, management and administration of the Council's financial affairs. As such, assuming compliance, they mitigate against a number of financial risks via a series of control measures, most of which are vested in the Chief Financial Officer (and by implication the staff and systems deployed by him).

5.3 Equalities

It is anticipated there will be no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals contained in this report.

5.4 Acting Sustainably

There are no economic, social or environmental effects.

5.5 Carbon Management

There are no effects on carbon emissions.

5.6 Rural Proofing

There are no direct effects.

5.7 Changes Scheme of Administration or Scheme of Delegation

No changes are required as a result of this report. The Financial Regulations in the appendix to this report have been updated in part to align with the current approved Scheme of Administration and Scheme of Delegation.

6 CONSULTATION

- 6.1 The Corporate Management team considered this report on 10 October 2018.
- 6.2 The Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit & Risk, the Chief Officer HR and the Clerk to the Council have been consulted and any comments have been reflected in this report.

Approved by

David Robertson
Chief Financial Officer

Signature

Author(s)

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Background Papers: - Scottish Borders Council, 29 June 2016

Previous Minute Reference: N/A

Note – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Finance can also give information on other language translations as well as providing additional copies.

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