
Review of Part I7 of the Council's Constitution – Financial Regulations

Executive Member(s): Councillor Bill Revans (Leader of Council and Lead Member for Governance and Communications) and Councillor Liz Leyshon (Deputy Leader of Council and Lead Member Resources and Performance)

Local Member(s) and Division: All

Lead Officers: Nicola Hix - Service Director Finance and Procurement and Jill Byron - Interim Head of Legal

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1. Summary

- 1.1 The Financial Regulations form part of the Council's Constitution and outline the principles and rules for all financial matters. They are closely linked to the Council's Scheme of Delegation and Contract Standing Orders, which also form part of the Constitution. The Financial Regulations are a technical document that detail accountabilities for financial decision-making.
- 1.2 The Council's Financial Regulations have been reviewed against best practice guidance to ensure they meet with the highest levels of governance and probity, and to ensure they dovetail with other governance documents and are sufficiently pragmatic to ensure that financial affairs are managed as efficiently and effectively as possible. A revised set of Financial Regulations is attached at Appendix 1.

2. Recommendation

- 2.1 That Council note the report and agree and adopt the Financial Regulations set out in Appendix 1 with immediate effect.

3. Background

- 3.1 In preparation for vesting day (1 April 2023) Somerset Council adopted Financial Regulations as a key part of its Constitution and has operated under those

Regulations since that day. In accordance with good practice, officers have undertaken a review of the operation of the Regulations and are recommending the changes set out as tracked changes in Appendix 1 for adoption by the Council. Members should note that neither punctuation and grammatical changes nor the following changes have been tracked:

- Replacing titles like Head of Service, Strategic Manager, Service Manager, with “Senior Managers”;
- Using “officer(s)” instead of employee(s) or staff;
- Using “Section 151 Officer” throughout the document – replacing Executive Director for Resources and Corporate Services;
- Using “Service Directors” instead of Directors;
- Using “Executive Leadership Team (ELT)” or “Corporate Leadership Team (CLT)” instead of SLT.

3.2 The updated regulations have been prepared in accordance with the principles set out in the CIPFA Financial Management Code (FM Code), which provides guidance for good and sustainable financial management in local authorities and contains principles and standards to help authorities demonstrate their financial sustainability and probity.

3.3 Members attention is drawn in particular to the following changes:

Section 1 - Introduction

Compliance – the Section 151 Officer has been given power to waive the application of the Financial Regulations in exceptional and specific circumstances

Section 2 – Financial Management Roles and Responsibilities

The Section 151 Officer’s power to impose additional financial controls in the case of a financial emergency is made explicit

A new definition of “Senior Manager” has been added

Section 4 – Risk Management

A explanation of why this is important has been added

Section 5 – Fraud Prevention

Reference to the Economic Crime and Corporate Transparency Act 2023 added (new criminal offence of failure to prevent fraud)

The role of the Council's Audit Committee has been included

Section 7 - Budget Monitoring, Management, Closedown and Control (including Reserves)

Changes have been made to allow for any consequential effects of the Transformation Programme

Section 8 - Capital Expenditure

A new power for officers to approve additional/supplementary capital budgets subject to a financial cap and within the resourcing limit delegated by Full Council has been added

Section 15 - Asset Management

New section added to explain the Corporate Landlord Operating Model

Section 17 - Commercial Investments

New section added to cover delegation to the Service Director for Strategic Asset Management

Section 18 - Management of Stock (including disposal of obsolete stock and other items)

Confirmation of the "right to buy" position has been added

Section 19 - Insurance

A requirement to periodically review the adequacy of (i) contractor and supplier insurance policies and (ii) contractual indemnity clauses has been added

Section 23 - External Arrangements Partnerships

A requirement to have an appropriate legally binding agreement in place has been added

Section 26 - Pension Fund

To avoid unnecessary duplication and the potential for contradiction, this section has been deleted on the grounds that the Fund has its own policies as required by the regulations and has its own scheme of delegation defining what powers

Pension Committee retains (**note:** it has delegated authority over the Fund from Full Council as set out elsewhere in the Constitution).

4. Implications

- 4.1 The Council's Finance, Risk, Legal and HR teams have all been consulted on and contributed to the review of the Financial Regulations and are satisfied that any required changes have been identified.
- 4.2 There are no specific Equalities, Community Safety, Climate Change, Sustainability, Health and Safety, Health and Wellbeing or Social Value implications to this Report as it simply sets out and recommends the adoption of a Financial Regulations which reflects current national best practice and provides a safe framework within which Council activities can take place.

5. Background Papers

- 5.1 CIPFA Financial Management Code
The Constitution **Committee details - Somerset Council Constitution - Modern Council**

Note: For sight of individual background papers please contact the report author