

FINANCIAL PROCEDURES RULES

FINANCIAL STANDING ORDERS AND FINANCIAL REGULATIONS

CONTENTS

	Page
I FINANCIAL STANDING ORDERS	
1 Introduction	A4-2
2 Committee and Officer Responsibility	A4-2
3 Revenue Budget	A4-2 – A4-3
4 Capital Budget	A4-3
5 Property	A4-3
6 Budgetary Control	A4-3 – A4-5
7 Borrowing Approvals	A4-5
8 Emergencies	A4-5
9 Financial Regulations	A4-5
II FINANCIAL REGULATIONS	
1 General	A4-6
2 Annual Estimates and Budget	A4-6
3 Financial Planning	A4-6 – A4-7
4 Budgetary Control	A4-7
5 Accounts for Payment	A4-7 – A4-8
6 Banking Arrangements	A4-8
7 Contracts for Building, Construction or Engineering Work	A4-8 – A4-9
8 Imprest Accounts	A4-9 – A4-10
9 Income	A4-10
10 Insurances	A4-10
11 Internal Audit	A4-10 – A4-11
12 Inventories	A4-11
13 Loans, Leasing and Investments	A4-11
14 Orders for Work, Goods and Services	A4-11 – A4-12
15 Salaries, Wages and Pensions	A4-12
16 Stocks and Stores	A4-12 – A4-13
17 Travelling and Subsistence Allowances	A4-13
18 Unofficial Funds	A4-13

FINANCIAL STANDING ORDERS

1. Introduction

- 1.1 The Council is a large diverse organisation, which needs a framework for Councillors and officers to reach decisions on the provision of services. The scheme of delegation adopted by the Council provides that basic framework.

In financial terms, further regulation is required, i.e.

- (a) A set of formal financial regulations approved by Cabinet.
- (b) A further professional requirement set by the Director of Resources that must be followed by all officers involved in financial administration. These requirements will follow various national codes of practice.
- (c) Manuals setting out good practice and internal procedures.

Financial Regulations and minimum requirements set by the Director of Resources are mandatory. Whilst the manuals are advisory, it is expected that they will be followed.

- 1.2 These Financial Regulations are designed to meet the requirements for the next level of this regulatory framework established by the Scheme of Delegation. They recognise the greater decentralisation of services enabling Directors to undertake some non-statutory financial functions provided certain safeguards are met.

2. Committee and Officer Responsibility

- 2.1 The Cabinet has responsibility for the proper administration of the Council's financial affairs including the making of Financial Regulations, and to monitor, review and formulate the Council's budget.

- 2.2 Each Cabinet Member shall be responsible for the observance of the Council's Financial Standing Orders and Regulations for those functions within their terms of reference.

- 2.3 The Director of Resources has been appointed under Section 151 of the Local Government Act 1972 as the officer with responsibility for the proper administration of the Council's financial affairs. The Director of Resources or his representative shall be entitled to attend a meeting of any body on which Councillors are represented where matters affecting the financial affairs of the Council are being discussed.

- 2.4 Each Director is responsible for ensuring that the Council's Financial Standing Orders and Regulations are complied with in respect of his/her Directorate.

- *2.5 For the purpose of the Financial Standing Orders, unless otherwise identified reference to a Director shall include reference to the Head of Legal and Democratic Services and Director of Resources.

3. Revenue Budget

- 3.1 The Cabinet shall recommend the revenue budget to Council as required.

- (a) The total budget of the Council for each year;
- (b) Council tax requirement;

- (c) Allocation of financial resources to different services and projects.

4. Capital Budget

- 4.1 The Cabinet shall, following the submission of proposals by Cabinet Members, recommend to Council:-
- (a) A capital programme for each financial year;
 - (b) A future indication of a capital programme over a three year period;
 - (c) The recommended funding method for each capital programme (including the use of Supported Capital Expenditure and Unsupported Prudential Borrowing, capital receipts, revenue or other financing methods).
- 4.2 Any capital project in excess of £250,000 or with a revenue commitment or implication (other than in respect of loan charges) exceeding £25,000 per year shall not be approved unless the relevant Cabinet Member has received a report detailing the full financial and other implications (including staffing matters).
- 4.3 Following the approval of a capital programme, and subject to any conditions specified in that programme, or specified by the relevant Cabinet Member, the relevant Director shall take all appropriate action to carry into effect the approved schemes, within the budget and time scale agreed in the capital programme. Any material variation in cost or time scale shall be reported to the Cabinet Member in accordance with guidelines issued by the Director of Resources.
- 4.4 All contracts entered into shall comply with the Council's Standing Orders for the Regulation of Contracts.

5. Property

- 5.1 On the disposal of any property held which has been declared surplus to requirements then the usable capital receipt will revert to the Council to be utilised in support of the Council's capital programme on the recommendation from the Cabinet.
- 5.2 In order to encourage the effective use of property the Cabinet will generally agree to the usable capital receipt generated as a result of property being declared surplus to requirements being applied in the following way:-
- (a) 50% by the relevant holding Programme Area.
 - (b) 50% as determined by the Council on recommendation from the Cabinet.

6. Budgetary Control

- 6.1 It shall be the duty of every Cabinet Member to monitor the revenue and capital budget throughout each year and to ensure that those budgets are not exceeded.

- 6.2 Each Cabinet Member shall have authority, strictly within the overall revenue and capital budget, to agree virement up to £500,000 between any one budget head and another, or from one capital scheme to another, provided these are strictly within their Programme Area. Virement between Programme Areas may only take place with the consent of the respective Cabinet Members and shall be subject to report to the Cabinet.
- 6.3 Inclusion within an approved revenue budget provides authority for expenditure on those approved items, subject to any limitation expressed in Standing Orders, the budget or by the relevant Cabinet Member.
- 6.4 Any new proposal or variation which would materially affect the finances of the Council shall require approval by the Cabinet.
- 6.5 Each Director shall be responsible for monitoring the revenue and any capital budget relevant to his/her Directorate to ensure that such budgets are properly spent and not exceeded.
- 6.6 If it appears to a Director that his/her overall cash limited budget may be exceeded, he/she shall report the details as soon as practicable to the Chief Executive, the Director of Resources and to the Cabinet Member. The relevant Cabinet Member will then report on the matter to the Cabinet.
- 6.7 The Council will permit Directorates to carry forward managed underspends into the following financial year provided that all other budget targets have been met. The first call on any underspendings will be to offset any Directorate overspends.
- 6.8 Managed underspends carried forward will be part of the Directorate budget plan for the next financial year and must be used to fund one-off expenditure only. Carrying forward underspendings in order to ensure external funding is received is also allowed.
- 6.9 Windfall reductions in spend or additional income will be transferred into the Council's General Reserves at the end of the financial year.
- 6.10 Action plans must be put in place by each Directorate at any early stage in the financial year in order to manage overspendings (e.g. due to additional spending or below target income). Where appropriate the additional spending or below target income should be met by virements from other elements of the Directorate budgets. If such action plans are put into place at an early stage and properly adhered to there will be no carry forward of the overspendings into the following financial year.
- 6.11 Underspendings where any savings should not accrue to the Council (e.g. schools standards fund, schools sickness absence scheme) can be carried forward.

~~The Council will permit the carry forward of overspends and underspends of up to 2% by Service Directorate. In order to protect the Council's cash flow position, such cumulative overspend shall not at any time exceed 1% of the annual revenue budget. Any underspend within a Service Directorate shall similarly be carried forward to the next year's budget and any such underspend will be unlimited except where limit is imposed by the Cabinet. The limits on both carry forwards of overspends and underspends will be reviewed from time to time by the Cabinet with any change being subject to approval by the Council. Directorates and their respective Programme Area Cabinet Members will not be permitted to plan to overspend as part of the annual budgetary process. The Directorates are as follows:~~

~~Adult and Community Services~~
~~Children's Services~~
~~Corporate and Customer Services (i)~~
~~Environment (ii)~~
~~Resources.~~

~~(i) The Director of Adult and Community Services in carrying forward any overspends or underspends between social development and economic development is required to obtain the agreement of the Cabinet Member (Community Services) and Cabinet Member (Economic Development).~~

~~(ii) The budget of the Environment Directorate will include expenditure on the activities of the Planning Committee and the Regulatory Committee working in association with the Cabinet Members (Environment) and (Highways and Transportation).~~

~~6.9 Carry forwards within the corporate element of the Corporate Strategy and Finance Programme Area will be confined to the budget expenditure on Support Services (including the Chief Executive's area) and not the whole of the Corporate Strategy and Finance Programme Area. The carry forward of underspends and overspends within the Corporate Strategy and Finance Programme Area as a whole can only be authorised by the Chief Executive and the Leader of the Council.~~

7. Borrowing Approvals

7.1 The Director of Resources will report to Cabinet, on an annual basis, with recommendations to Council to determine the limits for the borrowing of monies.

8. Emergencies

8.1 Nothing in these standing orders shall prevent expenditure required to meet immediate needs caused by a sudden emergency to which Section 138 of the Local Government Act 1972 applies, provided that such expenditure shall be reported as soon as possible to the appropriate Cabinet Member and the Cabinet.

9. Financial Regulations

9.1 Financial Regulations shall be approved by the Cabinet. The Financial Regulations for schools with delegated budgets, as set out in the scheme for the Local Management of Schools, may make alternative arrangements in respect of schools with delegated budgets, provided that those arrangements follow the spirit of these Financial Standing Orders and Regulations.

9.2 The Director of Resources, shall as he feels appropriate, issue financial guidance for officers of the Council.

9.3 Where any financial figure or limit is specified in these Financial Standing Orders and Regulations, that figure is at 1st April, 2003 prices and shall be altered from 1st April in each year in line with the alteration in the Retail Price Index as determined by the Director of Resources.