

SALISBURY CITY COUNCIL

Report

Subject: Review of Financial Regulations
Committee: Full Council
Date: 4 March 2024
Author: Steve Bishop, Responsible Finance Officer

1. Report Summary

- 1.1. The Council's Financial Regulations govern the conduct of financial management by the Council. Only Full Council may amend the Regulations and they are regularly reviewed (last times being March and November 2023).
- 1.2. The Regulations have been fully reviewed by the Responsible Finance Officer (RFO) and four amendments are recommended in this report. One aspect requires immediate consideration ahead of the accounts closedown at the end of this financial year, and three more minor amendments are proposed.
- 1.3. All the proposed amendments are highlighted in the draft v.20 Financial Regulations appended to this report.

2. Policy Considerations

- 2.1. Financial Regulations are an integral part of the Council's systems of internal control and governance which ensure sound financial stewardship of public money.

3. Background Information:

Operational efficiency

- 3.1. Generally the RFO has concluded that the Council's financial regulations are clearly written, up to date and fit for purpose. They provide a sound framework of financial controls. Only four changes are suggested below.
- 3.2. Each January the Council approves the following year's revenue and capital budgets, which provide officers with the funds with which to deliver the Council's services.
- 3.3. Currently Financial Regulation 4.3 delegates authority to the Chief Executive Officer to carry forward unspent budgetary provision for uncompleted non-recurring capital budgets. However unspent revenue budgets are excluded from this power.
- 3.4. Officers use revenue budgets to meet both ongoing recurring expenditure demands (for example electricity costs) and one-off expenditure demands (for example staff training). Sometimes the one-off demands do not fit neatly into a financial year and pressures are uneven between years. It is therefore more operationally efficient to be able to carry forward specific unspent revenue budgets to the following year in order to meet the increased pressure in that year. For example, any year-end underspend on the Staff

Development budget could be helpfully carried forward to 2024/25 when officers expect exceptional training needs.

Transparency

- 3.5. Full Council sets the annual budget. It is therefore reasonable for any carried forward unspent revenue budgets to be reported to Full Council at the earliest opportunity after the year-end. Such budgets would be accounted for in the following year's budget monitoring reports and outturn report, which provide a full audit trail.

Proposed amendment to FR 4.3

- 3.6. In order to delegate authority to officers to effect the carry forward of unspent specific revenue budgets from one financial year to the next, the following change of wording is proposed to Financial Regulation 4.3 from:
- 3.7. Current wording: "Unspent provisions in the revenue budget, recurring capital budgets or completed non-recurring capital budgets, shall not be carried forward to a subsequent year. Unspent provisions for uncompleted non-recurring capital budgets may be carried forward following approval of the City Clerk."
- to:
- 3.8. Proposed wording: "Unspent provisions in the recurring capital budgets or completed non-recurring capital budgets, shall not be carried forward to a subsequent year. Unspent provisions in the revenue budgets for specific activities or for uncompleted non-recurring capital budgets may be carried forward following approval of the Chief Executive Officer."

City Clerk references (minor amendments)

- 3.9. The change in convention from designating the senior officer of the Council 'City Clerk' to 'Chief Executive Officer' has not been reflected in financial regulations. It is recommended that the new designation be used throughout.

Interim RFO reference (minor amendment to FR 1.8)

- 3.10. In November 2023 Full Council approved a temporary amendment to Financial Regulation 1.8 in order to recognise the Interim RFO. Given the appointment of a new permanent RFO, it is proposed that this Financial Regulation should revert to the original wording, deleting the reference to 'Interim'.

Updating legislative references (minor amendments)

- 3.11. Financial regulations 1.15, 1.16 and 2.9 contain obsolete references to the Audit Commission Act 1998 and need to refer to the new proper practices governing the different auditing regime which the Council must follow from 2024/25. It is proposed that the RFO updates this wording accordingly.

4 Recommendation:

- 4.1 The Council approve the four proposed amendments to Financial Regulations as set out above.

5 Background Papers:

None.

6 Implications:

- 6.1 . **Financial:** As shown in this report
6.2 . **Legal:** Nil in relation to this report
6.3 . **Personnel:** Nil in relation to this report
6.4 . **Environmental Impact:** Nil in relation to this report
6.5 . **Equalities Impact Statement:** Nil in relation to this report