

Meeting date: 24 March 2021
Report to: Governance Committee
Subject/report title: Financial Regulations – 2021/22 Update
Report from: Director of Resources and Deputy Chief Executive
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Wards affected:

- All Wards | Bickenhill | Blythe | Castle Bromwich | Chelmsley Wood |
 Dorridge/Hockley Heath | Elmdon | Kingshurst/Fordbridge | Knowle |
 Lyndon | Meriden | Olton | Shirley East | Shirley South |
 Shirley West | Silhill | Smith's Wood | St Alphege

Public/private report: Public

Exempt by virtue of paragraph:

1. Purpose of Report

- 1.1 To consider the Council's revised Financial Regulations and associated documents.

2. Decision(s) recommended

- 2.1 To review and agree the revised Financial Regulations and other associated guidance documents as set out in Appendices A-C, following consideration from Audit Committee on 15 March 2021 before final approval being asked at Full Council – with the regulations to be enforced from April 2021.

3. Matters for Consideration

- 3.1 The Council's Financial Regulations provide the framework for the authority's financial affairs. They apply to every member and officer of the authority and anyone acting on its behalf including partner organisations. Financial Regulations form part of the Council's overall governance arrangements and are reviewed annually.
- 3.2 All members and staff have a general responsibility for taking reasonable action to provide for the security of assets under their control, and for ensuring that the use of these resources is legal, properly authorised and provides value for money.
- 3.3 Directors are responsible for ensuring that all staff in their directorates are aware of

the existence and content of Financial Regulations and other internal regulatory documents and that they comply with them. Non-compliance may be dealt with under the Council's disciplinary process.

3.4 The Council's executive arrangements detail how the council operates and makes decisions and the constitution sets out the framework.

4. What options have been considered and what is the evidence telling us about them?

4.1 Not applicable

5. Reasons for recommending preferred option

5.1 The regulations incorporate CIPFA's 'A Good Practice Guide for an English Modern Council' and a review of the financial regulations of councils who were classed as high performing in terms of their financial arrangements.

5.2 The scope of the regulations encompasses all relevant operations, but excludes delegated schools and Solihull Community Housing (who have their own respective financial regulations), to ensure an effective framework for financial management and good governance is in place.

5.3 The regulations are reviewed and updated annually to take account of organisational and operational changes as well as changes to processes and procedures which are required to maintain good financial practices overall as a Council.

5.4 This year, there has not been any significant amendments to the Financial Regulations which, considering the challenges the Council has faced over the last 12 months with the Coronavirus pandemic, provides strong evidence that the current regulations and governance arrangements are still working well within the Council.

5.5 Officers have been able to ensure that the controls and regulations in place have continued to be followed despite the significant and sudden shift to remote working that has been experienced. There has needed to be some clarification points added for practicality of access and where sites are open/closed but these are minor changes about how things work in practice as opposed to fundamental changes about the rules/approvals.

5.6 All Financial Regulations and associated documents have been reviewed to ensure there remain strong controls and governance in those guides and regulations;

- Financial Regulations (Appendix A)
- Cash Handling Procedures (Appendix B)
- External Funding Procedures (Appendix C)

5.7 Appendices A and B have had some minor tweaks and tracked changes shows these changes. The most significant is in relation to the use of Purchase Cards

(Section 33). The External Funding procedures in Appendix C have seen the most updates, the majority of which are points of clarification considering the number of new one off income allocations that have been received in 2020/21. However, these regulations largely apply to funding bids, rather than funding allocations.

- 5.8 Audit Committee considered these documents and changes on 15 March and following Governance Committee, Full Council will be asked to give their approval for the revised Financial Regulations to come into effect. After which time, all Budget Managers and Administrators will be made aware of the changes through an appropriate communication. The Financial Regulations sections of the Managers handbook will also be updated as a consequence of this latest version.
- 5.9 In addition, all staff within Financial Operations will receive an update on the revised Financial Regulations to ensure that the advice and guidance they provide incorporates the latest material.

6. Implications and Considerations

- 6.1 State how the proposals in this report contribute to the priorities in the [Council Plan](#):

Priority:	Contribution:
<p>Economy:</p> <ol style="list-style-type: none"> 1. Revitalising our towns and local centres. 2. UK Central (UKC) and maximising the opportunities of HS2. 3. Increase the supply of housing, especially affordable and social housing. 	<p>The financial regulations cover all of the Council's priorities</p>
<p>Environment:</p> <ol style="list-style-type: none"> 4. Enhance Solihull's natural environment. 5. Improve Solihull's air quality. 6. Reduce Solihull's net carbon emissions. 	<p>The financial regulations cover all of the Council's priorities</p>
<p>People and Communities:</p> <ol style="list-style-type: none"> 7. Take action to improve life chances in our most disadvantaged communities. 8. Enable communities to thrive. 9. Sustainable, quality, affordable provision for adults & children with complex needs. 	<p>The financial regulations cover all of the Council's priorities</p>

6.2 Consultation and Scrutiny:

6.2.1 Audit Committee have scrutinised this report and appendices at its meeting on 15th March and a verbal update of comments will be provided at this meeting if necessary prior to the report going to Full Council.

6.3 Financial implications:

6.3.1 There are no financial implications as a direct consequence of this report.

6.4 Legal implications:

6.4.1 None

6.5 Risk implications:

6.5.1 Financial Regulations are part of the Council's overall governance arrangements and include a specific section around Risk Management in relation to the financial arrangements of the Council. The report also details how officers are made aware of their responsibilities in relation to Financial Regulations and how instances of non-compliance may be dealt with.

6.6 Equality implications:

6.6.1 None

7. List of appendices referred to

7.1 The following appendices are the revised and updated versions taking into account the key changes above;

- Appendix A – Financial Regulations
- Appendix B – Cash Handling Procedures
- Appendix C – External Funding Procedures

8. Background papers used to compile this report

8.1 None

9. List of other relevant documents

9.1 None