

Report to: Governance Committee

Date of meeting: 19 July 2022

By: Chief Finance Officer

Title: Amendment to the Constitution - Financial Regulation changes

Purpose: To consider amendments required to support the financial governance of the organisation

RECOMMENDATIONS:

To recommend the County Council to approve the Constitution and Financial Regulations being updated as set out in Appendix 1 and that the Constitution be amended accordingly.

1. Supporting Information

1.1 In order to ensure that sound systems of financial management are in place the self-assessment on risk requires that the financial regulations are reviewed every 3 years or in the event of a significant change. The regulations were last updated in May 2019 and this report therefore is the outcome of the 3 year review. Changes to State Aid and the Subsidy Control Act that are likely to come into force in the Autumn may require further changes to regulation as well as the potential impact of the implementation of Oracle Fusion.

1.2 The most significant changes are for the provision of discretionary grants. Specific budgets for such grants no longer exist and currently most departments do not have a specific limit for the provision of discretionary grants, or it is low at £1,000, when compared to current practice (in Communities, Economy and Transport and Children's Services particularly). The proposed change is for a £24,999 limit to be set for the provision of discretionary uncompetitive grants as a general delegation before a competitive process is required and External Funding Protocol should be followed. This will ensure consistency across all departments and consistency with procurement limits for letting contracts without competitive dialogue.

1.3 The other main change is for payments in advance (non-schools) under £500, it is proposed that no financial sign off is required under £500, which mainly constitute training courses, accommodation, conferences and similar where the booking can only be secured with payment.

1.4 Additionally, the Community Infrastructure Levy (CIL), which by use of the definition 'Levy', is legally considered a grant, has required words to be added to clarify that it is not covered by the External Funding Protocol. Separate governance arrangements are in place for CIL bidding, which shall be prepared in accordance with the Section 106 (s106) and Community Infrastructure Levy (CIL) Working Group Governance and Prioritisation arrangements.

1.5 The proposed changes are summarised in Appendix 1.

2. Conclusion and Recommendation

2.1 To ensure that sound systems of financial management are in place, the self-assessment on risk requires that the financial regulations are reviewed every 3 years. The review has been undertaken and the proposed changes are set out in the report. The Governance Committee is recommended to approve the proposed amendments to the Constitution and the Financial Regulations.

IAN GUTSELL

Chief Finance Officer

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Local Member: All

Background Documents: None

Appendix 1

Section of the Constitution	Current Text	Proposed Text (new in bold or struck through where proposed to remove)	Reason for Update
Part 4 – Rules of Procedure			
<p>7. Financial Procedure Rules</p> <p>A.13.6 Payment of Accounts (page 97)</p>	<p>For non-Schools: All payments in advance over £25,000 can only be made with prior approval of the Chief Finance Officer. Payments in advance between £15,000 and £25,000 shall be authorised by a Head of Finance or above. Payments in advance of less than £15,000 shall be authorised by Finance Manager or above.</p>	<p>For non-Schools: All payments in advance over £25,000 can only be made with prior approval of the Chief Finance Officer. Payments in advance between £15,000 and £24,999 shall be authorised by a Head of Finance or above. Payments in advance between £500 and £14,999 shall be authorised by Finance Manager or above. Payments in advance less than £500 do not require finance approval where booking of training courses, accommodation, conferences and similar can only be secured with payment.</p>	<p>To facilitate and expedite the approval of small payments</p>

A.3.7 Accounting Arrangements (page 83)	Bids for external funding shall be prepared in accordance with guidelines issued by, or in consultation with, the Chief Finance Officer and the External Funding Protocol. Where required, before applications are submitted to any government or other body, they shall be sent to the Chief Finance Officer for examination and to confirm that financial implications have been fully assessed.	With the exception of Community Infrastructure Levy (CIL) bids for external funding shall be prepared in accordance with guidelines issued by, or in consultation with, the Chief Finance Officer and the External Funding Protocol. Where required, before applications are submitted to any government or other body, they shall be sent to the Chief Finance Officer for examination and to confirm that financial implications have been fully assessed. Bids for CIL shall be prepared in accordance with the Section 106 (s106) and Community Infrastructure Levy (CIL) Working Group Governance and Prioritisation arrangements.	To reflect new CIL arrangements and that legally CIL is considered a grant but is not covered by the External Funding Protocol as separate governance arrangements are in place. [In conjunction with this an amendment is to be made to update the External Funding Protocol to provide for the exception of CIL]
Part 3 – Responsibility for Functions			
Table 1 - Cabinet responsibilities and functions – Paragraph 2 (page 3)	To co-ordinate the work of the Council in bidding for Government challenge funding and European Union funding.	Remove	Grant processes described are no longer in use. Therefore remove reference.
Table 3 – Responsibility for executive functions exercised by Cabinet	[d] approving bids for funds from external bodies	Remove	Not in line with current practice

<p>Members – Function (page 11)</p> <p>Table 6 - Scheme of Delegations to Officers (for Chief Executive and all Directors)</p> <p>D. General</p> <p>Paragraph 5 (page 57)</p>	<p>To approve full applications by the County Council to the National Lottery Distributing Bodies, if applications are pursued in accordance with the County Council's Bidding Protocol.</p>	<p>To approve full applications by the County Council to the National Lottery Distributing Bodies, if applications are pursued in accordance with the County Council's Bidding Protocol.</p> <p>funders in accordance with County Council's Corporate Funding Protocol.</p>	<p>Out of date</p>
<p>Add a Paragraph 10 (page 52)</p>	<p>None</p>	<p>Within their area of responsibility to make a discretionary grant to an organisation of up to £24,999 in any one financial year (in line with Procurement and Contract Standing Orders: Constitution Part 4, Table 2.7a, page 107) where there is no competitive process.</p> <p>In line with Procurement, discretionary grants over £25,000 should be subject to a competitive process as per the Corporate Funding Protocol. For grants that are passported (i.e.</p>	<p>To allow every department to consistently have this Delegation. To align to revised procurement limits whereby a competitive process is not required under £25,000 annually.</p>

<p>A. Chief Executive</p> <p>Paragraph 7 (page 58)</p>	<p>To make grants from the allocation for discretionary grants agreed by the Cabinet up to a total, for any one organisation in any period of three years, of £1,000 except where:</p> <p>(a) the organisation has been refused a grant by the cabinet unless the cabinet has specifically agreed that a grant from the discretionary allocation may be given;</p> <p>(b) the organisation is at the time in receipt of a grant from the Cabinet;</p> <p>or</p> <p>(c) the organisation has received a grant from the allocation for the past three years.</p>	<p>grant is received by the Council and passed on to local organisations) without a competitive process normal Departmental Delegations apply.</p> <p>Remove</p>	<p>Grants that are passported will have their own grant determinations with which, under normal delegations, officers will be expected to comply. This will also facilitate timely distribution (i.e. covid provider payments, COMF).</p> <p>Now a general delegation (above) that aligns to revised procurement limits and supports current practice. So previous narrative is removed.</p>
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<p>E. Director of Adult Social Care</p> <p>Paragraph 4 (page 81)</p>	<p>To make grants from the allocation for discretionary grants agreed by the Cabinet up to a total, for any one organisation in any period of three years, of £1,000 except where:</p> <p>(a) the organisation has been refused a grant by the cabinet unless the cabinet has specifically agreed that a grant from the discretionary allocation may be given;</p> <p>(b) the organisation is at the time in receipt of a grant from the Cabinet; or</p> <p>(c) the organisation has received a grant from the allocation for the past three years.</p>	<p>Remove</p>	<p>Now a general delegation (above) that aligns to revised procurement limits and supports current practice.</p>
<p>G. Chief Finance Officer</p> <p>Paragraph 14 (page 87)</p>	<p>To set fees and charges for 2019/20 onwards and to report to Cabinet and the County Council on those set at a level above inflation as part of the quarterly monitoring</p>	<p>To set approve fees and charges for 2019/20 onwards and to report to Cabinet and the County Council on those set at a level above inflation as part of the quarterly monitoring</p>	<p>To reflect that the CFO approves the fees and charges rather than sets them (we are proposing that departments' individual Schemes of Delegation contain a</p>

Paragraph 18 (page 87)	To determine annually the capital risk provision and to approve use of the provision and to approve use of the provision for individual project, in consultation with the Capital Strategic Asset Board. (see A.5.3.10)	To determine annually the capital risk provision and to approve use of the provision and to approve use of the provision for individual project, in consultation with the Capital Strategic Asset Board. (see A.5.3.10)	generic statement to cover the setting of all fees & charges not specifically mentioned) Duplication of wording.
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