

Rother District Council

Report to: Audit and Standards Committee

Date: 6 December 2021

Title: Financial Procedure Rules Update

Report of: Assistant Director Resources

Purpose of Report: To review and update the Council's Financial Procedure Rules to reflect business changes and the new Council staffing structure

Officer

Recommendation(s): **Recommendation to COUNCIL:** That, subject to the concurrence of the Overview and Scrutiny Committee:

1. the revised Financial Procedure Rules set out at Appendix A be approved and adopted; and
 2. The Chief Executive be granted delegated authority to make minor changes consequent to the finalisation of the Council staffing restructure.
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Introduction

1. The Council's staff restructure is ongoing and is expected to be completed by March 2022. The Council Financial Procedure Rules (FPRs) have been updated to reflect the changes to the senior management team. For the purposes of the update it has been assumed that 3rd tier officers are known as Heads of Service. As the restructure progresses, this may not be the case and it is sensible to give the Chief Executive delegated authority to update the FPRs as necessary.
2. It is also an opportune time to make any other changes to the rules to improve the operational efficiency of the Council and to clarify any rules that are out of date or no longer applicable. The Council's Procurement Procedure Rules (PPRs) are also being reviewed to take account of changes to procurement regulations and will be subject to a future report.
3. The functions of the Audit and Standards Committee provide for the Committee to maintain an overview of the Council's Constitution in respect of procurement procedure rules, financial procedure rules and codes of conduct and behaviour (other than the Code of Conduct for Members). However, any changes to the Constitution currently are required to go to Council via the Overview and Scrutiny Committee. The revised FPRs will therefore be submitted to the OSC in the new year for ratification.

Main Changes to the FPRs

4. The most significant change that is proposed to the FPRs relates to the approval and reporting arrangements for the writing out of the accounts (write off) of debts that cannot be or are unlikely to be collected, as shown in section

Q. The thresholds for requesting Member approval to the write off are proposed to be increased significantly which will reduce the reporting to Members and increase internal process efficiency. However, it is proposed that these increased thresholds are restricted to those circumstances where the Council effectively has no choice but to write off, e.g. in the event of liquidation of a company or a debt relief order is granted to the debtor. The Council is not a preferred debtor and therefore where the debtor has no assets or funds, there is little chance of recovering monies owed. There is a requirement to report to Cabinet the total write offs made in a year under the various categories to ensure transparency.

5. Rule G35 has also been updated to better reflect its original intention regarding the need to carry out a review by Members of the specifications for the Council's major service contracts, such as Waste Collection. As such the value threshold has been increased to an annual cost of £500,000. It is also proposed amend the process and that the initial review should now be undertaken by Cabinet who will then pass to the Overview and Scrutiny Committee for their views and recommendations back to Cabinet. Previously contract specifications should have been reported to Overview and Scrutiny Committee first.
6. A new section, U, has been added to cover the responsibilities for Officers when establishing a subsidiary company. This does not extend to the detailed requirements of the company, which would form part of their own internal governance arrangements.

Environmental Considerations

7. The Council's financial and procurement activities have an impact on the environment. The Council's procurement strategy has previously been updated to ensure alignment with the Council's ambitions regarding climate change.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	Consultation	No
Environmental	Yes	Access to Information	No
Sustainability	No	Exempt from publication	No
Risk Management	Yes		

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Appendices:	Appendix A – Financial Procedure Rules
Relevant Previous Minutes:	None
Background Papers:	None
Reference Documents:	None