

Financial Governance – Financial Regulations

Report by Gary Fairley, Chief Officer Corporate Solutions

Report for Decision

1 Recommendations

Council is recommended to approve the updated Financial Regulations set out in appendix 1.

2 Purpose of Report / Executive Summary

The purpose of this report is to present an updated version of the Financial Regulations for approval.

Section 95 of the Local Government (Scotland) Act 1973, requires all Local Authorities in Scotland to have adequate systems and controls in place to ensure the “proper administration of their financial affairs”, including the appointment of an officer with full responsibility for their governance. The Financial Regulations are a core element of the systems and controls with the requirement that any changes to these require the approval of Council.

The Financial Regulations are supported by a series of Financial Directives which are also being updated and will be presented to Audit Committee on 29 June 2022 for their endorsement (as required by the Financial Regulations) .

The Financial Regulations are by their nature high level and the changes which have been incorporated since they were last approved are principally to reflect the Scheme of Administration and the current Leadership Structure.

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3 Background

The Financial Regulations detail the responsibilities of the Chief Officer Corporate Solutions who has been appointed as the “proper officer” along with the responsibilities of the Chief Executive, Executive/Joint Directors, Chief Officers, Heads of Service, and other Relevant Officers. These Financial Regulations also detail the responsibilities of the Council, Cabinet and other committees in relation to the conduct of the Council’s financial affairs.

4 Revised Financial regulations

The principal changes reflect;-

- a) The scheme of administration which provides for Financial reports to be presented to Council rather than Cabinet
- b) The current Leadership Structure

The revised Financial Regulations are set out in appendix 1 and Council is asked to approve these.

In parallel a review of the more detailed Financial Directives has been progressed and updated Directives will be presented to The Audit Committee on 29 June 2022 with a recommendation that Audit Committee endorse these revised Directives as required by the Financial Regulations.

5 Report Implications (Resource, Digital and Risk)

5.1 Resource

Whilst this report deals with financial issues there are no financial implications arising directly from it.

5.2 Digital

There are no digital implications associated with this report..

5.3 Risk

Section 95 of the Local Government (Scotland) Act 1973 requires all Local Authorities in Scotland to have adequate systems and controls in place to ensure the proper administration of their financial affairs.

The updated Financial regulation for a core part of these systems and controls. Ensuring that adequate systems and controls are in place help mitigate financial risk

5.4 Ensuring Equalities

No equality issues have been identified when updating the Financial Regulations.

5.5 Additional Report Implications

See Appendix A

Appendices

APPENDIX A – Report Implications

A.1 Key Priorities within the Single Midlothian Plan

Effective financial governance will support the delivery of the key priorities in the single Midlothian Plan.

A.2 Key Drivers for Change

Key drivers addressed in this report:

- Holistic Working
- Hub and Spoke
- Modern
- Sustainable
- Transformational
- Preventative
- Asset-based
- Continuous Improvement
- One size fits one
- None of the above

A.3 Key Delivery Streams

Key delivery streams addressed in this report:

- One Council Working with you, for you
- Preventative and Sustainable
- Efficient and Modern
- Innovative and Ambitious
- None of the above

A.4 Delivering Best Value

The report does not directly impact on Delivering Best Value.

A.5 Involving Communities and Other Stakeholders

Recognising that the changes made principally reflect the Scheme of Administration and current Leadership Structure no consultation has been undertaken.

A.6 Impact on Performance and Outcomes

Effective financial governance in turn supports the effective delivery of services and the achievement of the key outcomes as set out in the Single Midlothian Plan.

A.7 Adopting a Preventative Approach

Maintaining the effectiveness of the financial governance framework will support the delivery of preventive interventions.

A.8 Supporting Sustainable Development

There are no direct sustainability issues arising from this report.

Appendix 1 – Revised Financial Regulations