

Finance and Resources Committee

10.00am, Tuesday, 21 November 2023

Finance and Procurement Policies – Assurance Statement

Executive/routine
Wards
Council Commitments

Executive

1. Recommendations

- 1.1 Members of the Finance and Resources Committee are asked to note and be assured that the Finance and Procurement policies detailed in this report have been reviewed and are considered to remain current, relevant and fit-for-purpose.

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Finance and Procurement Policies – Assurance Statement

2. Executive Summary

- 2.1 In accordance with the Council's policy review framework, the Service Director: Finance and Procurement has undertaken an annual review of the suite of policies falling within his remit. This review has attested to their on-going currency, relevance and appropriateness.

3. Background

- 3.1 Council policies are key governance tools. They help to realise the Council's vision, values, commitments and outcomes and are critical to its operations, ensuring that statutory and regulatory obligations are met in an efficient and accountable manner.
- 3.2 To strengthen arrangements in this area, a corporate policy framework was approved in September 2013 to ensure that all current policies are easily accessible and created, revised and renewed in a consistent manner and to an agreed standard.
- 3.3 In order that Council policies remain current and relevant, all Directorates and Service Directors are required to review those policies falling within their respective remits on an annual basis. This report sets out the conclusions of the most recent year's review of policies falling within the remit of the Service Director: Finance and Procurement in his capacity as the Council's designated statutory Chief Financial Officer, in accordance with Section 95 of the Local Government (Scotland) Act 1973.

4. Main report

- 4.1 A critical element of the policy framework is to ensure that all Council policies remain fit-for-purpose. This requires Service Directors to review, on an annual basis, all policies within their respective remits and to provide the necessary level of assurance that these remain current and relevant.

- 4.2 Six distinct polices fall within the remit of the Service Director: Finance and Procurement. A short update on the past year's review activity in respect of each is set out below, with a summary provided in the appendix.

Financial Regulations

- 4.3 The City of Edinburgh Council operates under a set of documents that governs and guides the decisions made by the Council and its officers and ensures that robust, clear and accountable organisational frameworks are in place. The Council's Financial Regulations form an integral part of these key documents, with their content reviewed on an at-least six-monthly basis.
- 4.4 The [Regulations](#) outline, at a summarised level, the arrangements the Council has put in place to discharge its responsibilities under section 95 of the Local Government (Scotland) Act 1973. Section 95 states that every local authority shall make arrangements for the proper administration of its financial affairs and shall secure that the proper officer of the authority (termed the Section 95 Officer) has responsibility for the administration of those affairs.
- 4.5 A number of minor amendments to the content of the Regulations were incorporated as part of a review undertaken in September 2023. Updates were made to areas including insurance and internal audit, however, the basic principles set out within the Regulations remain unchanged and are crucial in securing the Council's on-going financial sustainability.
- 4.6 Compliance with the CIPFA Financial Management (FM) Code is an ongoing process and a benchmark for good and sustainable financial management in local authorities. The Council's Financial Management guidance reflects professional best practice and this was updated in September 2023 to address feedback from positive internal audits of financial management arrangements for the Capital Investment Programme and Housing Revenue Account.
- 4.7 The Financial Regulations are supplemented by a more detailed set of Finance Rules outlining the procedures to be adopted across a wide range of finance-related activity including budget monitoring, income collection, supplier payment, treasury management and insurance. Minor amendments were also made to the Finance Rules as part of a review carried out in September 2023, with updates made to areas including international travel, insurance and purchasing.

Contract Standing Orders

- 4.8 As with the Financial Regulations above, the Council's [Contract Standing Orders](#) (CSOs) form part of the Council's core set of governance-related documents. The contents are subject to regular scrutiny and review, with briefing sessions held as appropriate for both staff and elected members. The CSOs also incorporate the previously-separate Guidance on the Appointment of Consultants.
- 4.9 The CSOs apply (with certain exceptions) to all contracts made by or on behalf of the Council for the procurement of the execution of works, the supply of goods and materials and/or the provision of services. The overarching aim of the CSOs is to

improve purchasing controls such that Best Value is delivered and the Council's statutory obligations are observed.

- 4.10 Following the coming into force of The Procurement Reform (Scotland) Act 2014, Public Contracts (Scotland) Regulations 2015 and Procurement (Scotland) Regulations 2016, the CSOs were fully updated and approved by Council in June 2016 to ensure continuing compliance with legislative requirements. Since that time, a number of further changes have been made to provide greater clarity on the appropriate use of waivers and managers' responsibilities with regard to contract management and contract award notifications.
- 4.11 A review of the current CSOs was undertaken in light of new Scottish Procurement Policy Notes issued by the Scottish Government and included an examination of the financial approval thresholds and whether these are set at the most appropriate levels for effective scrutiny and governance.
- 4.12 The results of [the most recent review of the Council's CSOs](#) were reported to, and approved by, Council on 22 June 2023. Changes included a revised definition of 'Fair Work First', references to sustainability and becoming a net zero city by 2030 added to the Procurement Requirement Form, a relaxation in the requirement to obtain three quotes for low value or specific purchases, and an increase in the delegated threshold for approving spend on services and supplies. As in previous years, the detail of these changes, including updates to intranet content, was cascaded to Council staff, along with further information on their rationale and implications. Adherence to the CSOs, including use of contracted suppliers and initiation of expenditure by means of purchase order, is monitored on a regular basis and captured within service "dashboards" communicated to Directorates.

Anti Money-Laundering Policy

- 4.13 While less formal arrangements were already in operation, the Corporate Policy and Strategy Committee approved the Council's [Anti Money-Laundering Policy](#) on 13 May 2014. The policy sets out procedures for mitigating the risk that money-laundering affects the Council's activities and monitoring their effectiveness. Where relevant activity is suspected, however, the policy also clarifies reporting routes and the resulting investigative action that will be undertaken.
- 4.14 The contents of the policy have previously been communicated to staff in those areas most susceptible to money-laundering activity and on-going requirements in this area, taking into account changes in staffing and responsibilities, continue to be regularly considered. Review of the policy's content in September 2022 identified a number of minor changes in applicable legislation and organisational structures and these will be reflected in an updated version of the policy maintained on the Council's website.

Fraud Prevention Policy

- 4.15 The Council's [Policy on Fraud Prevention](#) was approved by the Finance and Resources Committee on 31 October 2013. This policy is supplemented on an annual basis by a review of external fraud prevention and detection activity, with the

[2021/22 Annual Report](#) presented to the Finance and Resources Committee on 10 November 2022 and the 2022/23 Annual Report included elsewhere on today's agenda. An update to the complementary [Anti-Bribery Policy](#) was approved by the Corporate Policy and Strategy Committee on 28 March 2017.

- 4.16 The Fraud Prevention policy forms part of a core set of employee policies and, as such, is included in mandatory policy refresh exercises, with all staff required to confirm that they have read and understood its contents. This assurance has been strengthened by continuing targeted training in areas more susceptible to fraud-related activity.
- 4.17 Awareness of the anti-bribery policy, in addition, forms part of staff induction procedures, with a corresponding e-learning module available. As with the anti-money laundering policy, its contents primarily comprise guiding principles and reporting procedures and, as such, following review and updating for revised organisational structures, these remain relevant to all staff, with no substantive changes required at this time.

Corporate Debt Policy

- 4.18 The Council's [Corporate Debt Policy](#) was approved by the Corporate Policy and Strategy Committee on 3 September 2013. The policy covers the principal income streams of Council Tax, Non-Domestic Rates, house rents and sundry (miscellaneous) debt and outlines how the Council will seek to strike an appropriate balance between its financial needs and the social needs of its customers.
- 4.19 The policy is reviewed annually as part of the [Policy Assurance Statement - Customer Services](#) reported to the Policy and Sustainability Committee.

Corporate Charging Policy

- 4.20 In common with most of the other policies falling within the Finance and Procurement remit, the Corporate Charging Policy primarily sets out broad principles and these remain valid, with no substantive changes required at this time.
- 4.21 In recognising the need for greater consistency and transparency in the setting of charges for Council services, the Council's [Corporate Charging Policy Framework](#) was approved by the Finance and Resources Committee on 5 June 2014. This was reflected in the February 2023 budget motion and a comprehensive [register of fees and charge](#) levied by the Council has subsequently been published on the Council's website. Improvements geared towards increasing transparency and informing elected members' decision-making in this important area will be incorporated as part of the 2024/25 budget-setting process. Any revisions to the policy will be looked at in this context.

Annual Treasury Strategy and review of risks and reserves as part of budget process

- 4.22 While not considered policies in the sense of the others included within this document, the [Annual Treasury Management Strategy](#) was approved by Council on 10 March 2023 and the [Council's Risk and Reserves Strategy](#) was approved as part of setting the Council's 2023/24 budget on 23 February 2023. Review of the

existing policies to ensure their on-going applicability was implicit in these reports, including an updated profile of the Council's usable reserves to reflect the anticipated on-going financial impacts of the pandemic.

5. Next Steps

- 5.1 The policies set out within this report will continue to be subject to a process of on-going review, with corresponding reporting to the Finance and Resources and/or other relevant Committees in the case of any material, policy-related proposed changes.

6. Financial impact

- 6.1 There are no direct financial impacts as a result of this report, although maintenance and active promotion of policies contributes to effective financial management.

7. Equality and Poverty Impact

- 7.1 There is no direct additional impact arising from this report, on equality, human rights (including children's rights) or socio-economic disadvantage.

8. Climate and Nature Emergency Implications

- 8.1 There is no direct environmental impact arising from this report.

9. Risk, policy, compliance, governance and community impact

- 9.1 The process of review outlined above will continue to seek to strike an appropriate balance across transparency, accessibility, fairness and equity of the Council's activities.

10. Background reading/external references

- 10.1 Relevant reading and references are hyperlinked within the main body of the report.

11. Appendices

1. Assured Policies

Appendix 1 – Assured Policies

Policy title:	Financial Regulations
Approval date:	<i>25 October 2012 (date of original approval)</i>
Approval body:	<i>Council</i>
Review process:	<i>Content reviewed by Service Director: Finance and Procurement</i>
Change details:	<i>Minor amendments including insurance and internal audit.</i>

Policy title:	Contract Standing Orders
Approval date:	<i>25 October 2012 (date of original approval)</i>
Approval body:	<i>Council</i>
Review process:	<i>Content reviewed by Head of Commercial and Procurement Services, liaising as appropriate with senior service contacts and the Service Director: Legal and Assurance</i>
Change details:	<i>As part of the annual review process, changes required in light of new Scottish Procurement Policy Notes issued by the Scottish Government were approved by Council on 22 June 2023.</i>

Policy title:	Anti-Money Laundering Policy
Approval date:	<i>13 May 2014</i>
Approval body:	<i>Corporate Policy and Strategy Committee</i>
Review process:	<i>Content reviewed by policy authors, liaising as appropriate with affected service areas and Human Resources</i>
Change details:	<i>No substantive changes are required at this time.</i>

Policy title:	Fraud Prevention Policy
Approval date:	<i>31 October 2013</i>
Approval body:	<i>Finance and Resources Committee</i>
Review process:	<i>Content reviewed by policy authors, liaising as appropriate with affected service areas and Human Resources</i>
Change details:	<i>No substantive changes are required at this time.</i>

Policy title:	Corporate Debt Policy
Approval date:	<i>3 September 2013 (with a number of subsequent amendments)</i>
Approval body:	<i>Corporate Policy and Strategy Committee</i>
Review process:	<i>Content reviewed by policy authors</i>
Change details:	<i>No substantive changes are required at this time.</i>

Policy title:	Corporate Charging Policy Framework
Approval date:	<i>5 June 2014</i>
Approval body:	<i>Finance and Resources Committee</i>
Review process:	<i>Content fully reviewed in light of Council policy, legislative requirements and wider policy environment</i>
Change details:	<i>Improvements geared towards increasing transparency and informing elected members' decision-making will be looked at as part of the 2024/25 budget-setting process.</i>