



Sheffield City Council

Financial Regulations 2019

Summary of changes from the 2018 Regulations

Table of Contents

Foreword	3
1. General Review/ Update – links, format, etc.....	4
2. Amended Key Terms and Definitions - Virement.....	4
3. Amended Paragraph – Financial Planning (Chapter 3).....	4
Cash Limit Adjustments (3.5.7)	4
4. Amended Paragraph – Capital Programme (Chapter 5).....	4
Budget Managers (Roles & Responsibilities) (5.2.6).....	4
5. Amended Paragraph – Income Management (Chapter 7)	4
Local Land Charges (7.8).....	4
6. Amended Paragraph - Purchasing (Chapter 8).....	5
Head of Strategic Finance (Roles & Responsibilities) (8.1.2).....	5
Approval Hierarchy Levels (8.3.5).....	5
Standard Payment Terms (8.5.3).....	5
7. Amended Paragraph - Taxation (Chapter 12).....	6
Executive Directors (Roles & Responsibilities) (12.1.1)	6
Appendices – 2018 Financial Regulations.....	7
A. Virements (Key Terms and Definitions) (Page 12).....	7
B. Financial Planning (Chapter 3).....	7
C. Capital Programme (Chapter 5).....	7
D. Income Management (Chapter 7)	7
E. Purchasing (Chapter 8).....	7
F. Taxation (Chapter 12).....	8

Foreword

This document summarises the main changes from the 2018 to the 2019 Financial Regulations. It is not intended to replace due consideration of the current Regulations.

If you have any queries on the content of the Regulations please contact your [Finance Business Partner](#).

The Appendices are the specific sections of the 2018 Financial Regulations, prior to any amendments made as a result of the 2019 update.

1. General Review/ Update – links, format, etc.....

The Financial Regulations have been reviewed to ensure:

- They are up-to-date with working embedded links;
- The restructure within Finance and Commercial Services and the insourcing of Capita is reflected;
- The Financial Regulations match current working practices and any minor changes to the Council's processes or systems have been incorporated.
- Job titles have been updated and amended.

2. Amended Key Terms and Definitions - Virement

Virement is defined by CIPFA as the transfer of underspending on one budget head to finance additional spending on another budget head.

Where cash limit is moved to be spent on achieving a different purpose to that approved in the budget book, this is a policy choice and therefore is classed as a virement.

This amendment was requested to ensure the definition of a virement was up-to-date.

3. Amended Paragraph – Financial Planning (Chapter 3)

Cash Limit Adjustments (3.5.7)

Cash Limit adjustments can be done between services, within a service or between months on the Q-tier system. If the adjustment doesn't meet the definition of a virement and is under £100,000, these can be signed off by the relevant Finance Manager (one for each side of the transaction).

Over £100,000 and a Senior Finance Manager for the portfolio will need to authorise the adjustment.

This amendment was requested to ensure the Financial Regulations reflect current working practices.

4. Amended Paragraph – Capital Programme (Chapter 5)

Budget Managers (Roles & Responsibilities) (5.2.6)

Considering the impact of Value Added Tax (VAT) on Capital projects and property transactions (disposals, purchases and leasing of land/property) and to seek the advice of the Head of Strategic Finance if required. On a day-to-day basis this advice will be provided by the Council's Tax Manager.

This amendment was requested by the Tax Manager to ensure that SCC's partial exemption position was protected.

5. Amended Paragraph – Income Management (Chapter 7)

Local Land Charges (7.8)

The Local Land Charge Register contains details of outstanding liabilities, e.g. road and other financial charges, home improvement grants, tree preservation orders, notices of restriction, etc., that will either secure the payment of a sum of money or limit the use of the said property. It is a statutory requirement that all Local Authorities within England and Wales compile, maintain and regularly update their Local Land Charges Register.

When Services secure a Sundry Debt account in the Local Land Charge Register, the following criteria will apply:

- Sundry Debt accounts recorded in the Land Charge Register will be managed in accordance with section 7 of these Regulations. This includes using the Council's standard debt recovery process and taking a bad debt provision.
- On an annual basis the Business Unit Manager responsible for the debt listed in the Local Land Register must review the account to ensure that it is still valid and collectable.
- Debts covered by a Land Charge that remain outstanding after 6 years will be reviewed by the Head of Commercial Business Development to determine whether the debt should be written off in the Finance system.

The Finance Manager (ICAM) proposed to remove the £500 limit on the basis that proactive debt recovery action will be taken on these debts, and that the standard 60 day bad debt provision will be applied.

6. Amended Paragraph - Purchasing (Chapter 8)

Head of Strategic Finance (Roles & Responsibilities) (8.1.2)

Compliance with the requirements of the Construction Industry Scheme (CIS) in relation to tax deductions on the payment of invoices for construction work.

This amendment was requested by the Tax Manager to ensure that the name of the Scheme was up-to-date and matched current criteria.

Approval Hierarchy Levels (8.3.5)

All purchase orders must be approved in line with the Council's approval hierarchy as shown below:

Order Amount	Financial Approval Limits
< £100	No further financial approval
Up to £250	Supervisor / Line Manager
Up to £500	Middle Manager
Up to £2,500	Business Unit Manager
Up to £25,000	Assistant Head of Service / Assistant Director
> £25,000	Head of Service / Director / Assistant Chief Executive / Chief Executive

This amendment was requested to ensure the Financial Regulations reflect current working practices.

Standard Payment Terms (8.5.3)

The Council's standard payment terms are to make payment within 30 calendar days of the invoice date. Any variation to this standard must be agreed by the Director of Finance & Commercial Services either as part of the letting of a contract or by ad-hoc exception to the standard terms.

This amendment was requested to ensure the Financial Regulations reflect current working practices.

7. Amended Paragraph - Taxation (Chapter 12)

Executive Directors (Roles & Responsibilities) (12.1.1)

Advise the Head of Strategic Finance of any capital projects and property transactions (disposals, purchases and leasing of land/property) that are under consideration and have the risk of irrecoverable VAT being incurred by the Council, whether by way of exempt input tax or otherwise.

This amendment was requested by the Tax Manager to ensure that SCC's partial exemption position was protected.

Appendices – 2018 Financial Regulations

Below are extracts from the specific sections in the 2018 Financial Regulations prior to any amendments made as a result of the 2019 update.

A. Virements (Key Terms and Definitions) (Page 12)

Virement is defined by CIPFA as the transfer of underspending on one budget head to finance additional spending on another budget head. Virements are also used to move budgets where a function is moved from one Portfolio or Service to another.

B. Financial Planning (Chapter 3)

Cash Limit Adjustments (3.5.7)

New paragraph in the 2019/20 Financial Regulations.

C. Capital Programme (Chapter 5)

Budget Managers (5.2.6)

Considering the impact of Value Added Tax (VAT) on Capital projects and seek the advice of the Head of Strategic Finance if required. On a day-to-day basis this advice will be provided by the Council's Tax Manager.

D. Income Management (Chapter 7)

Local Land Charges (7.8)

The Local Land Charge Register contains details of outstanding liabilities, e.g. road and other financial charges, home improvement grants, tree preservation orders, notices of restriction, etc., that will either secure the payment of a sum of money or limit the use of the said property. It is a statutory requirement that all Local Authorities within England and Wales compile, maintain and regularly update their Local Land Charges Register.

Services can only secure a Sundry Debt in the Local Land Charge Register in the following circumstances:

- The balance of the sundry debt invoice must exceed £500.
- Other income collection options available for Sundry Debts must have been fully evaluated before registering the charge, e.g. Debt Collection Agency, County Court action, etc.
- The service must have sufficient evidence to support the prospect of the debt being collected through the Land Charge process.
- On an annual basis the Business Unit Manager responsible for the debt that is listed in the Land Register must ensure that the debt is still valid and collectible.

For the avoidance of doubt this relates specifically to sundry debt invoices, and does not apply to the debts in the Local Land Registry manually raised outside of the Finance System.

E. Purchasing (Chapter 8)

Head of Strategic Finance (Roles & Responsibilities) (8.1.2)

Compliance with the requirements of the Construction Industry Tax Deduction Scheme (CITDS) in relation to the payment of invoices relating to repairs and renovation over the stipulated monetary limits.

Authorisation Hierarchy Levels (8.3.5)

All purchase orders must be approved in line with the Council's authorisation hierarchy levels as shown below:

Order Amount	Authorisation Level
£0 - £100	Automatic Approval
£100.01 - £499.99	Middle Manager / Line Manager
£500 - £2,499	Business Unit Manager
£2,500 - £24,999	Assistant Head of Service / Assistant Director
Over £25,000	Head of Service / Director / Chief Executive

Standard Payment Terms (8.5.3)

The Council's standard payment terms are 30 calendar days from the date that a valid invoice is received by the Council. Any variation to this standard must be agreed by the Director of Finance & Commercial Services either as part of the letting of a contract or by ad-hoc exception to the standard terms.

F. Taxation (Chapter 12)**Executive Directors (Roles & Responsibilities) (12.1.1)**

New paragraph in the 2019/20 Financial Regulations.