

City of London Corporation Committee Report

Committee: Finance Committee	Dated: 29 th April 2025
Subject: Review of Financial Regulations	Public report: For Decision
This proposal: <ul style="list-style-type: none">• delivers Corporate Plan 2024-29 outcomes• provides statutory duties	Providing Excellent Services, Flourishing Public Spaces
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of:	The Chamberlain
Report author:	John James, Chamberlain's Department

Summary

The City's Financial Regulations set out procedures for officers to follow when managing the City's financial affairs. The regulations are maintained by Finance Committee and were last reviewed in May 2024. This report is the subject of a recent annual review undertaken by the Chamberlain's department, together with staff from other relevant departments, which makes recommendations for a number of changes to update the regulations and deal with gaps and inconsistencies. Notable changes are identified in Appendix A of this report.

Most of the reporting and approval thresholds are dealt with in other documents, rather than the Financial Regulations, which deals more with process. These documents include the Standing Orders, the Scheme of Delegations, the Project Procedure and the Procurement Code. An increase in the level of such thresholds is considered as these documents are reviewed.

At the present time a review is currently being undertaken on the Project Procedure and some final work on the Procurement Code, both of which will not be finished until later in the year. In addition, work is still to be completed on the precise accounting model for the Natural Environment Charities. A delegation is therefore requested to reflect any changes in process that may need to be made in the Financial Regulations, that are agreed later in the year, as a result of these reviews.

The updated draft regulations for consideration are attached at Appendix B. For clarity proposed changes have been tracked. This tracking will be removed, and the document reformatted before publication.

Recommendations

Members are asked to:

1. Critically examine and if satisfied agree the revised Financial Regulations set out in Appendix B;
2. Approve the continued delegation to the Chamberlain to manage Central Contingencies, held under Finance Committee, as set out in para 2.2 of the Financial Regulations, noting this delegation excludes Finance Committee's own contingency which will continue to be managed by this committee; and
3. Agree a delegation to the Chamberlain to amend the regulations in respect of any further changes that may need to be made as a result of the review of Project Procedure, the Procurement Code, accounting for Natural Environment charities and to tidy up numbering and formatting of the Financial Regulations document.

Main Report

Background

1. The City's Financial Regulations are governed by Standing Order 48 of Court of Common Council which states that:
 - i. The Financial Regulations form part of the City Corporation's overall system of financial management, accountability and control and shall be complied with by all City of London Corporation staff.
 - ii. The Financial Regulations are maintained by the Finance Committee.
2. These regulations were last reviewed in May 2024 and a working party established by the Chamberlain's Department has recently undertaken a review. The working party consisted of Chamberlain's staff, covering a number of financial disciplines together with staff from the City's Commercial Team, City Bridge Foundation charity and the Corporate Strategy team.
3. Financial regulations lay down the procedures that officers should apply when managing the City's financial affairs. It is therefore, important that the financial regulations are clear and kept up to date.
4. The review had two key aims:
 - a. To identify gaps and inconsistencies in the current regulations, to streamline the regulations where appropriate, especially in relation to our charities, and to improve consistency, efficiency and clarity.
 - b. To check the interrelationship with City regulations and procedures such as Standing Orders; Procurement Code; and the Project Procedures, to ensure there is consistency.
5. It should be noted that the Financial Regulations deal mainly with process rather than reporting and approval thresholds. These are dealt with in other documents such as Standing Orders, the Scheme of Delegations, the Project Procedures and the Procurement Code. The need to raise the level of these thresholds is considered as these documents are reviewed.
6. When undertaking this review, in addition to the members of the working party, advice was sought from a number of teams including Internal Audit, City

Revenues, Payroll, VAT, Accounts Payable, Insurance, Comptroller & City Solicitor and Digital Services. Their comments have been incorporated into the revised regulations.

Current Position

7. The draft regulations are set out at Appendix B. For ease of understanding proposed changes have been tracked. As the regulations were last reviewed in May 2024, there are not too many proposed changes. Many of the changes are presentational. Changes of substance, which are worthy of note, are also set out in Appendix A

Delegation to Chamberlain

8. There has been a long-standing delegation to the Chamberlain set out in para 2.2 of the Financial Regulations concerning the management of central contingencies held under Finance Committee. Examples of these include provisions for inflation, pay award and transformation. It is sometime since this delegation was reaffirmed and Members are asked to confirm the continuance of the delegation. This request excludes Finance Committee's own contingency which will continue to be managed directly by your committee.
9. Also, at the time of preparation of this report, a review of project governance and of the procurement regulations is being undertaken, but these have yet to be completed. There is also an ongoing review on the accounting arrangements for the Natural Environment charities as they transition from a deficit funded to a grant model. It is requested that the Chamberlain is given delegated authority, once this review is finalised, to reflect any consequent required changes in the updated regulations.

Annual Review

10. In order to keep changes to a reasonable number, and to ensure the document remains up to date, it was previously agreed that the review would be undertaken on an annual basis. It is therefore intended that the regulations will be reviewed again in 2026 with any proposed changes brought to your committee in the Spring of that year.

Appendices

- Appendix A – Significant Proposed Changes to the Regulations
- Appendix B – Draft Financial Regulations (with proposed changes tracked)

John James

Head of Finance

Chamberlains Department

E: john.james@cityoflondon.gov.uk

Harinder Thandi

Finance Business Partner

Chamberlains Department

E: harinder.thandi@cityoflondon.gov.uk