



Full Council
28 February 2011

**Report from the Director of
Finance and Corporate Services**

Wards affected:
ALL

Changes to the Council's Financial Regulations

1.0 Summary

1.1 This report sets out the proposed new Financial Regulations for the Council and updates the current Scheme of Transfers and Virements. It also explains the introduction of Required Financial Practice Notes. The report also seeks agreement for a separate set of Financial Regulations covering Schools.

2.0 Recommendations

Members are asked to

2.1 Agree and adopt with immediate effect the:

- a) New Financial Regulations for the Council set out in Appendix A
- b) The updates to the Scheme of Transfers and Virements shown as tracked changes in Appendix B
- c) The Schools Financial Regulations set out in Appendix C
- d) The Required Financial Practice Notes set out in Appendix D

2.2 Agree that the Constitution be amended by replacing the Financial Regulations and in Part 6 of the Constitution with those set out in Appendix A and that the Scheme of Transfers and Virements be amended as shown in Appendix B

3.0 Detail

3.1 At its meeting on the 12th July 2010 the Council agreed an interim set of Financial Regulations. Those Regulations took account of Phase 1 of the Financial Transformation Programme and the move to a single financial and procurement system. Phase 2 of Transformation Programme saw further process changes and the introduction of a new finance structure across the

Council. The changes in Phase 2 are reflected in the proposed new Financial Regulations, the updated Scheme of Transfers & Virements and the Required Financial Practice Notes.

- 3.2 The 12th July 2010 interim Financial Regulations comprised of a lengthy series of responsibilities, controls and processes. These three elements have now been separated out and then updated to reflect the Phase 2 changes. Accordingly, the responsibilities are now contained solely within Financial Regulations whilst the controls and process elements have been moved to the Required Financial Practice Notes. This change has been brought about by the need to keep Financial Regulations in a manageable format and focussed on who is responsible for what. Whilst the Required Financial Practice Notes reflect the new standard approach to what needs to be done and so sets out in detail the key financial controls and supporting processes that need to be operated.
- 3.3 It is proposed that the Financial Regulations remain part of the Constitution but that the Required Financial Practice Notes be maintained and updated by the Chief Finance Officer. This reflects the need to regularly change processes and introduce new controls with immediate effect. Both documents have to be complied with by all officers of the Council
- 3.4 The Scheme of Transfers and Virements has been updated to reflect changes in the way in which borrowing is now effected.
- 3.5 The Schools Financial Regulations are updated on a regular basis to reflect changes in the operating environment. For completeness and visibility to Full Council the latest version is attached for approval.
- 3.6 None of the above changes impact on the principal roles and responsibilities set out in the Council's Constitution for Full Council, the Executive and Members.
- 3.7 The new Financial Regulations, updated Scheme of Transfers & Virements and the Required Financial Practice Notes have been consulted on, signed and agreed by officers of the Strategic Finance Group.

4.0 Financial Implications

- 4.1 Financial Regulations are concerned wholly with financial processes. There are no direct budget implications arising from these changes.

5.0 Legal Implications

The Council is required under the Local Government Act 2000 (Constitutions) England Direction 2000 to include in the Constitution a description of the rules and procedures for the management of its financial affairs including the Council's financial rules or regulations, or such equivalent provisions. Members are advised that the detail set out in the Financial Regulations is sufficient to meet that legal requirement.

Changes to the Constitution require the agreement of Full Council.

6.0 Diversity Implications

There are no diversity implications arising from this report

7.0 Staffing/Accommodation Implications (if appropriate)

None

Background Papers

Contact Officers

Should any person require any further information about the issues addressed in this report, please contact Clive Heaphy, Director of Finance & Corporate Services on telephone number 020 8937 1290

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