

Guildford & Waverley Borough Councils

Report to: Joint Constitution Review Group

Date: 29 May 2024

Ward(s) affected: All

Report of Joint Strategic Director: Finance

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Proposed Changes to the Financial Procedure Rules

1.1 Executive Summary

It is good practice to keep the Financial Procedure Rules under review, as they form part of the Constitution of the Council(s).

2. Recommendation to Executive/ Committee/ Council

The Joint Constitution Review Group (JCRG) is asked to recommend the revised Financial Procedure Rules to the Standards and General Purposes Committee (Waverley) and Corporate Governance and Standards Committee (Guildford).

3. Reason(s) for Recommendation:

- 3.1 Financial Procedure Rules which are materially the same for both Councils, whilst being owned by each Council in respect of their services, will help to promote more efficient joint working and will support the transformation programme by aligning officer decision making across both Councils.

- 3.2 The recommended changes will improve the governance procedures for each Council and will ensure that there is greater clarity over financial decision making.
- 3.3 The reductions in financial limits will ensure that key decisions are made by the Executive, thereby promoting accountability and transparency.
- 3.4 Aligning both Councils' Financial Procedure Rules supports the Councils Collaborative and Transformation programme and provides clarity for those officers employed to provide a joint service across both Councils.

4. Purpose of Report

- 4.1 This report is presenting the proposed draft Financial Procedure Rules, set out at Appendix One, for members to consider. The purpose of the revised Financial Procedure Rules is to align financial limits and procedures across the two Councils where possible.

5. Strategic Priorities

- 5.1 This report will assist in the delivery of the Council's Corporate Plan priorities and collaborative working agenda.

6. Background

- 6.1 To conduct its business effectively, a Council needs to ensure that it has sound financial management policies in place which are strictly adhered to. Part of the financial management is having an established set of Financial Procedure Rules which set out the financial policies of the Council. They provide the rules for the Council to follow to protect public money and give clarity to members and officers regarding responsibility for financial management.

6.2 Financial Procedure Rules apply to every member and employee of the Council. Both Councils currently each have a different set of Financial Procedure Rules and financial limits. This means that officers must refer in detail to each set of Rules to check them before making a decision. This leads to a lack of clarity for members of the Joint Management Team, as they work across both Councils but with differing decision levels across their services, as well as staff within their teams.

6.3 Financial Procedure Rules cover the following general principles:

- (a) There should be adequate and understood separation of duties so as to maintain control over financial transactions
- (b) There should be a clear hierarchy of control
- (c) There should be adequate training and supervision of staff with management and audit trails
- (d) There should be appropriate management of risks
- (e) Operational financial procedures should be clearly documented, key risks identified with business continuity plans in place to maintain effective administration of the Council's finances at all times

6.4 The Financial Procedure Rules should be read in conjunction with the Scheme of Delegation and Contract Procedure Rules, set out elsewhere on this agenda.

6.5 A guide to the key changes is set out at Appendix 2.

7. **Consultation**

7.1 These revised financial procedure rules have been designed with Legal Services so that they form part of a set of constitutional amendments. The Joint Management Team have been made aware of the proposals and asked for any comments which will be reported verbally.

8. Key Risks

- 8.1 There is a risk of poor decision making and a lack of accountability where financial controls are unclear. This can be mitigated by having a clearly expressed set of Financial Procedure Rules which is the same for both Councils, and training officers as necessary.
- 8.2 There is a risk that by reducing the financial limits, the Executive, whilst having greater oversight, has a busier agenda at its meetings. This can be mitigated by ensuring that Executive decision making provides suitable delegations to officers, thereby ensuring that the Executive have retained overall control and made decisions for officers to implement. It could be further mitigated by the Executive considering greater use of delegated authority to Individual Portfolio Holders where appropriate.

9. Financial Implications

- 9.1 There are no direct financial implications resulting from this report.
- 9.2 The indirect financial implication is that officer spending limits will be reduced to key decision levels.

10. Legal Implications

- 10.1 Councils have a responsibility to keep their Constitution up to date, under Section 9P Local Government Act 2000. The Financial Procedure Rules form part of the Constitution of the Council.

11. Human Resource Implications

- 11.1 There are no direct HR implications.

12. Equality and Diversity Implications

- 12.1 There are no equality and diversity implications arising from this report. This report has given due regard to the requirements of the Public Sector Equality Duty (Equality Act 2010) when making any recommendations concerning constitutional arrangements.

13. Climate Change/Sustainability Implications

13.1 There are no climate change or sustainability implications.

14. Summary of Options

14.1 The Working Group are asked to consider the revisions to the Financial Procedure Rules attached as Appendix 1. The Working Group may:

(a) accept the revisions to the draft Financial Procedure Rules and agree to recommend them to the Standards & Governance Committee of each Council;

(b) suggest amendments to any part of the draft Financial Procedure Rules; or

(c) Choose not to recommend that revised Financial Procedure Rules are adopted.

15. Background Papers

15.1 Financial Procedure Rules – Waverley Borough Council

15.2 Financial Procedure Rules – Guildford Borough Council

16. Appendices

Appendix 1: Proposed draft Financial Procedure Rules

Appendix 2: Areas of Key Changes