

# CHESHIRE EAST COUNCIL

## Constitution Committee

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<b>Date of Meeting:</b>	15 <sup>th</sup> July 2016
<b>Report of:</b>	Dominic Oakeshott Corporate Manager Professional and Commercial Services
<b>Subject/Title:</b>	Council Constitution – Revisions to the Finance Procedure Rules

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### 1.0 Report Summary

- 1.1. This report requests Members' consideration of updated sections of the Constitution which sets out the Council's Finance Procedure Rules (FPRs) which govern the Council's financial policies and procedures. However there are also some minor consequential changes to the Constitution and the Council's Contract Procedure Rules necessitated by the changes to the FPRs.
- 1.2. The amendments are required to ensure that the Council's FPRs are up to date and remain fit for purpose.
- 1.3. The changes to the FPRs are not considered to be major and are therefore a matter for Committee to decide.

### 2.0 Recommendations

- 2.1 To recommend that
  1. the revisions to the Finance Procedure Rules be approved for adoption from 1 August 2016;
  2. the Constitution be amended accordingly; and
  3. Council be informed of the changes in accordance with the Constitution.

### 3.0 Reasons for Recommendations

- 3.1 This report is brought to the Committee following an officer review of the FPRs, to ensure they continued to be fit for purpose. The FPRs were last reviewed in 2009.
- 3.2 The revised FPRs form an important and vital part of the framework of governance arrangements for the Council, which are currently being considered and reviewed as part of an over arching assessment of the management and control landscape and those elements that help the Council to provide effective stewardship of its resources.

In the assessment of the landscape of governance, which is ultimately reported annually as part of the Annual Governance Statement, the elements that make up the framework have been considered. These include as examples, the recently reviewed and updated Contract Procedure Rules, the updated Constitution, reviewed and updated Schemes of Delegation. Updating the Finance Procedure Rules contributes to improving overall governance and drives improved use of resources.

- 3.3 The Constitution Committee may make any changes to the Constitution which are not major, subject to the Director of Legal Services and the Chief Operating Officer (s151 Officer) agreeing that the proposed changes are not major and to Council subsequently being informed of such changes. The Director of Legal Services and the Deputy s151 Officer (acting in the absence on leave of the Chief Operating Officer) are satisfied that the changes proposed in this report are non-major and therefore are matters for decision by the Committee.

#### **4.0 Wards Affected and Local Ward Members**

- 4.1 All.

#### **5.0 Local Ward Members**

- 5.1 None.

#### **6.0 Policy Implications**

- 6.1 None.

#### **7.0 Financial Implications (Authorised by the Chief Operating Officer)**

- 7.1 In order to conduct its business efficiently, the Council needs to ensure that it has sound financial management policies in place and that they are strictly adhered to. Part of this process is the establishment of financial regulations that set out the financial policies for the Council.
- 7.2 The financial regulations provide clarity about the financial accountability of individuals, Cabinet members, the Head of Paid Service, the Monitoring Officer, the Chief Operating Officer and other Chief Officers. Each of the financial regulations sets out the overarching financial responsibilities.
- 7.3 The revisions to the financial procedural rules identified in this report have been made with reference to the CIPFA Financial Regulations – Good Practice Guide for an English Modern Council and also best practice from other neighbouring Councils.

#### **8.0 Legal Implications**

- 8.1 Section 37 of the Local Government Act 2000 and guidance issued thereunder requires the Council to keep its Constitution up to date and regularly review it. Under the Act, the Secretary of State could direct what information a local

authority should include within its constitution. Under section 37 the Secretary of State directed that local authorities financial rules or regulations or such equivalent provisions as the local authority may have in place and rules, regulations and procedures in respect of contracts and procurement whether specified in the local authority's standing orders or not, should be included in the constitution.

- 8.2 In accordance with the Accounts and Audit Regulations (England) 2015 there is a requirement for an authority to have a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk. The FPRs assist in ensuring that the Council adheres to these requirements.
- 8.3 The Committee may make any changes which are not major, subject to the Director of Legal Services and Chief Operating Officer agreeing that the proposed changes are not major and to Council subsequently being informed of such changes.

## **9.0 Risk Management**

- 9.1 Legal and financial implications are recorded above. The proposals in this report would if implemented, appear not to result in any risks for the Council rather they would create a more robust framework for the Council's financial procedures and rules with greater clarity for officers and Members through detailed guidance on the Council's procedures.

## **10.0 Background and Options**

- 10.1 The starting point has been the current Constitution as revised and published on 5<sup>th</sup> February 2016. A working group of officers was formed with representation from Finance, Legal and Audit to review the current FPRs with the aim of ensuring that the FPRs were up to date, achieving a balance between the FPRs and supporting guidance to give Officers sufficient clarity as to the Council's rules and procedures. The working group also considered best practice guidance and examples from other local authorities. Discussions have also been undertaken with the Constitution Committee Working Group.
- 10.2 A full summary of the changes is attached and the changes not considered to be minor are shown as tracked changes to the current FPRs. This is also attached.
- 10.3 The Constitution shall be changed in accordance with the changes that are agreed by this Committee. Full Council will need to be informed of such changes, in accordance with the Constitution. Further minor work may need to be completed elsewhere in the Constitution to ensure consistency.

## **11.0 Access to Information**

Access to more information can be made by contacting the report writer.  
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