

PROPOSALS TO MAKE MINOR CHANGES TO THE FINANCIAL REGULATIONS AND CONSTITUTION

EXE 30 10 07

Item 6

EXECUTIVE MEMBER: Cllr. Elaine Woodburn, Leader of the Council
LEAD OFFICER: Georgina Ayling, Head of Finance & Business Development
REPORT AUTHOR: Carole Carre, Accountancy Services Project Manager

Summary and Recommendation:

This report advises the Executive of proposed minor changes to the Constitution and the Financial Regulations, as formulated at the Resource Planning Working Group, and seeks the Executive's comments prior to submission to Full Council.

1. INTRODUCTION

- 1.1 At October Full Council, it was agreed to accept OSC Management Group recommendations to review virements for the purposes of reducing the number of urgent actions and the administrative burden placed upon Members.
- 1.2 As a background to the recommendation, the current Good Governance Standard for Public Services adopted by the Council states:-

‘ A hallmark of good governance is a clearly defined level of delegation by the governing body to the senior management team for decision making. The governing body sets policies as parameters within which the senior management team works on the behalf of the governing body.’
- 1.3 In accordance with this Standard, and in line with the guidance detailed in paragraph 5.4 of the Financial Planning Guidance for Service Managers, it is proposed, in consultation with the Authority's Head of Legal and Democratic Services, to make minor amendments to the Constitution and Financial Regulations in respect of the operation of the Authority's scheme of virements (i.e. temporary in year budget transfers).

2. PROPOSAL

- 2.1 The changes are proposed in order to empower managers to manage the delivery of their services and budgets, by removing unnecessary levels of authorisation in budget management processes.
- 2.2 The proposal will also reduce some of the administrative burden currently placed on Members and senior managers and, as a consequence, free up Member time to be used more effectively on strategic and policy making functions.
- 2.3 The proposal is to amend the constitution and financial regulations to remove existing limits on virements as set out in section B13 of the financial regulations. A virement is defined as a temporary re-alignment of budgets, which is allowable provided that there is no change to Council policy and that there is no additional financial commitment for future years. Currently a “Head of Service can exercise virements up to £10,000 within a single portfolio, following consultation with the relevant portfolio holder and Head of Finance and Business Development” and it is now proposed that the financial limit be dropped and that virement rules will operate as follows:

- Section Managers may re-align budgets across their cost centres but within the boundaries of financial policies, regulations, procedural rules and the scheme of delegation as agreed with their Head of Service;
- Heads of Service may re-align budgets across services within their area of jurisdiction but within the boundaries of financial policies, regulations, procedural rules and the scheme of delegation as agreed with their Director;
- Directors may re-align budgets across Service Heads within their area of jurisdiction but within the boundaries of financial policies, regulations, procedural rules and the scheme of delegation as agreed with the Chief Executive.
- If the proposal is likely to affect the services of another Head of Service or cross over Member portfolios, then it will only be implemented with the agreement of the Chief Executive. The exception to this is as follows;

Ex CCT contracts (Parks and Open Spaces, Waste Management, Leisure and Culture) and Enforcement – The Head of Leisure & Environmental Services is allowed to incur operational revenue expenditure against a specific activity as long as it is financed by

income generated by that activity, as demonstrated by a business case, and agreed with the Head of Finance & Business Development.

All virements must be notified to the Accountancy section, in order that adjustments to monitoring reports may be made and the Executive duly informed, as part of the process for reporting financial performance.

3. FINANCIAL AND HUMAN RESOURCES IMPLICATIONS (INCLUDING SOURCES OF FINANCE)

- 3.1 There are no financial or human resource implications arising as a result of this report.

4. IMPACT ON CORPORATE PLAN

- 4.1 By supporting a more effective use of member and staff resources, this proposal will help to secure delivery of the Corporate Plan.

List of Appendices None

List of Background Documents: Financial Planning Guidance for Managers

List of Consultees: Resource Planning Working Group

CHECKLIST FOR DEALING WITH KEY ISSUES

Please confirm against the issue if the key issues below have been addressed. This can be by either a short narrative or quoting the paragraph number in the report in which it has been covered.

Impact on Crime and Disorder	None
Impact on Sustainability	None
Impact on Rural Proofing	None
Health and Safety Implications	None
Impact on Equality and Diversity Issues	None
Children and Young Persons Implications	None
Human Rights Act Implications	None
s.151 issues	The s.151 Officer gives assurance that the proposed arrangement will strengthen the budget monitoring and control process.
Legal issues	The proposals for changes to Financial

	Regulations will necessitate consequential changes to other parts of the Constitution
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Please say if this report will require the making of a Key Decision NO