

Guildford & Waverley Borough Councils

Report to: GBC Corporate Governance & Standards Committee /

WBC Standards & General Purposes Committee

Date: 1 July 2024

Ward(s) affected: All

Report of Strategic Director: Finance

Author: Deborah Upton, Senior Governance Officer

Email: Deborah.upton@guildford.gov.uk

Report status: Open

Key Decision: No

Proposed Changes to the Financial Procedure Rules

1. Executive Summary

- 1.1 It is good practice to keep the Financial Procedure Rules under review, as they form part of the Constitution of the Council(s).
- 1.2 The review of the Financial Procedure Rules has been undertaken by the Joint Constitutions Review Group (JCRG), at their meetings held on 29 May and 20 June 2024.
- 1.3 At its meeting on 20 June 2024, the JCRG agreed to recommend approval of the revised Financial Procedure Rules, as set out in Appendix 1 to this report, to both the Corporate Governance & Standards Committee and to Waverley's Standards & General Purposes Committee at their special meetings to be held simultaneously on Monday 1 July 2024, with a further recommendation that each Committee recommends the adoption of

the revised Financial Procedure Rules to their respective full Council meetings¹.

2. Recommendation to Committee

- 2.1 The Corporate Governance and Standards Committee (Guildford) and the Standards and General Purposes Committee (Waverley) are asked to recommend to their respective full Council meetings that the revised Financial Procedure Rules, as set out in Appendix 1 to this report, be adopted into their respective Constitutions.

3. Reasons 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. The rules will replace the existing Financial Procedure Rules (Guildford) and Financial Regulations (Waverley).

¹ Ordinary council meetings scheduled for 16 July (Waverley), and 23 July (Guildford)

4. Purpose of Report

- 4.1 This report is presenting, for members' consideration, the proposed revised Financial Procedure Rules, which are set out in Appendix 1.
- 4.2 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 Councils' corporate 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 proposed new Scheme of Officer Delegation and Contract Procedure Rules, set out elsewhere on this agenda.
- 6.5 The Financial Procedure Rules were also considered by Waverley Borough Council's Audit Committee on 17 June.

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. Changes requested by officers are shown in the Rules, for consideration by members.

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 Committee is asked to consider the proposed revised Financial Procedure Rules attached as Appendix 1 to this report, which have been recommended for approval by the Joint Constitutions Review Group.
- 14.2 The Committee may:
 - (a) accept the draft revised Financial Procedure Rules and agree to recommend them to Council for formal adoption, or

- (b) suggest amendments to any part of the draft revised Financial Procedure Rules, or
- (c) choose not to recommend that the revised Financial Procedure Rules are adopted.

15. Background Papers

- [Existing Financial Regulations – Waverley Borough Council](#) (Part 4 of the WBC Constitution)
- [Existing Financial Procedure Rules – Guildford Borough Council](#) (Part 4 of the GBC Constitution)

16. Appendices

Appendix 1: Proposed draft Financial Procedure Rules