

## **WIRRAL COUNCIL**

### **AUDIT AND RISK MANAGEMENT COMMITTEE**

**15 APRIL 2013**

<b>SUBJECT</b>	<b>PROPOSED REVISED COUNCIL FINANCIAL REGULATIONS</b>
<b>WARD/S AFFECTED</b>	<b>ALL</b>
<b>REPORT OF</b>	<b>INTERIM DIRECTOR OF FINANCE</b>
<b>RESPONSIBLE PORTFOLIO HOLDER</b>	<b>COUNCILLOR PHIL DAVIES</b>
<b>KEY DECISION</b>	<b>NO</b>

#### **1.0 EXECUTIVE SUMMARY**

- 1.1 The report sets out proposed revised Financial Regulations, in draft form, for consideration and comment by Audit and Risk Management Committee.

#### **2.0 BACKGROUND AND KEY ISSUES**

- 2.1 The Council's current Financial Regulations have been in place for some years and have been subject to periodic changes and additions at various times, predominantly in response to actions resulting from internal and external reviews.
- 2.2 Alongside proposals to revise the Council's Constitution as part of the Council's Improvement Plan, proposals are also being developed to revise the Council's Financial Regulations and Contract Procedure Rules (CPR's). A report on this agenda sets out initial draft proposed CPR's for comment and this report sets out the initial draft proposed Financial Regulations for consideration and comment.
- 2.3 The proposals to revise the Financial Regulations are based on:-
- (i) the overall commitment given to review the Council's Constitution and Schemes of Delegation as part of the Council's Improvement Plan and to respond to recommendations of the recent Peer Challenge in respect of clarification of Member and Officer roles and responsibilities.
  - (ii) updating the existing Regulations to take account of current and potential future developments, for example, changes to the Council Management Structure and potential working with other authorities and organisations including shared services with other private, voluntary, community and faith organisations.
  - (iii) the need to integrate existing functions with new functions and responsibilities in particular Health.

- 2.4 The review of the Council's Financial Regulations has, to date, involved a small group of key financial staff including the consultant engaged to support the Interim Director Of Finance / Resources.
- 2.5 In carrying out the review and producing the draft for comment at Appendix 1, consideration was given whether to further modify the existing Wirral Financial Regulations or to take as a starting point those from another source and consider them in the Wirral context. The decision was taken to use a set of Financial Regulations from Cheshire West and Cheshire Council (with their permission) to support the review.
- 2.6 There are a number of benefits from this approach:
- (i) it forms part of the Council looking beyond its boundaries at practice elsewhere more pro-actively than has been the case in the past.
  - (ii) it provides a tried and tested process in a similar organisation which has already been the subject of internal and external scrutiny.
  - (iii) greater commonality between Wirral and other authorities, particularly Cheshire West and Chester given the geographical adjacency, will make it more straightforward to build on the existing shared service relationships, and potential future opportunities for greater joint working.
- 2.7 The two sets of Regulations were broadly comparable with the headings largely standardised across the sector. However, the level of detail and description varies depending upon local circumstances including organisational structures and roles. The opportunity was taken to enhance Wirral's Regulations in a number of key areas:-
- (i) Virements. This relates to the transferring of budgets within the Council approved budget and it is now proposed to include greater description, an expansion of the procedures to be followed and levels of authorisation.
  - (ii) Carry Forwards. In line with the different approach to budget preparation the proposed Regulations include sections on budget carry forwards relating to both underspends and overspends.
  - (iii) Pension Fund. The Regulations apply to the Fund which is administered by the Council and further work is being undertaken to ensure that the proposed Regulations further support the Council role.
- 2.8 Whilst taking account of local structures and circumstances the proposals bring commonality and the intention is that, taking account of comments and responses to the draft the revised Financial Regulations will support and integrate with agreed revisions to the Council's Constitution.

### **3.0 RELEVANT RISKS**

- 3.1 There are serious financial, legal and reputational risks to the Council when Financial Regulations are not followed. The intention of this review and revised rules is to ensure that rules are more clearly defined and therefore accountability made clearer: that additional detail and guidance is available from the one source: that the regulations are simplified.

### **4.0 OTHER OPTIONS CONSIDERED**

- 4.1 The options were to either use the existing Wirral or the Cheshire West and Chester Financial Regulations as the starting point. A combination of both was used as this was deemed the more practical as set out in this report.

### **5.0 CONSULTATION**

- 5.1 This report is brought to the Audit and Risk Management Committee as a draft revised set of Financial Regulations for consideration and comment.

### **6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS**

- 6.1 Other than to review the financial Regulations in light of changing structures there were no previously approved actions.

### **7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

- 7.1 The revised, proposed Financial Regulations (along with the proposed Contract Procedure Rules, are intended to provide clear processes, with relevant procedures set out, which are intended to support a clear and transparent contracting process, including with the Voluntary, Community and Faith sector.

### **8.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

- 8.1 The Financial Regulations are concerned with the management of Council resources which includes financial, IT, staffing and Assets.

### **9.0 LEGAL IMPLICATIONS**

- 9.1 The revised Financial Regulations are intended to ensure that the Council's financial management processes and responsibilities comply with statutory legislation and therefore reduce the risk of challenge.

### **10.0 EQUALITIES IMPLICATIONS**

- 10.1 There are no specific relevant equality factors resulting from this report.

## **11.0 CARBON REDUCTION IMPLICATIONS**

11.1 There are no specific implications arising directly from this report.

## **12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

12.1 There are no specific implications arising directly from this report.

## **13.0 RECOMMENDATION/S**

13.1 That the principle of revising the Council's Financial Regulations be agreed.

13.2 That the draft Financial Regulations at Appendix 1 be considered and Committee give its comments and views.

## **14.0 REASON/S FOR RECOMMENDATION/S**

14.1 Eventual adoption of revised procedures.

**REPORT AUTHOR:** Jim Molloy  
Title Financial Consultant  
Telephone 0151 666 3054  
Email [jimmolloy@wirral.gov.uk](mailto:jimmolloy@wirral.gov.uk)

## **APPENDICES**

Appendix 1 – Draft Financial Regulations

## **REFERENCE MATERIAL**

Existing Wirral Financial Regulations  
Cheshire West and Chester Council Financial Regulations

## **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
None specific in respect of Financial Regulations	

## Equality Impact Assessment Toolkit (from May 2012)

### Section 1: Your details:

**EIA lead Officer** Peter Timmins  
**Email address** petertimmins@wirral.gov.uk  
**Chief Officer** Peter Timmins  
**Department** Finance  
**Date** 9 April 2013

### Section 2: What Council proposal is being assessed?

Council Financial Regulations

### Section 2b: Will this EIA be submitted to a Cabinet or Overview & Scrutiny Committee?

Yes If 'yes' please state which meeting and what date  
To Audit and Risk Management Committee 15 April 2013

Please add hyperlink to where your EIA is/will be published on the Council's website <http://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-2010/finance>

**Section 3:** Does the proposal have the potential to affect..... (please tick relevant boxes)

**Services**

**The workforce**

**Communities**

**Other** (please state eg: Partners, Private Sector, Voluntary & Community Sector)

If you have ticked one or more of above, please go to section 4.

- ✓ **None** (please stop here and email this form to your Chief Officer who needs to email it to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) for publishing)

**Section 4:** Does the proposal have the potential to maintain or enhance the way the Council ..... (please tick relevant boxes)

Eliminates unlawful discrimination, harassment and victimisation

Advances equality of opportunity

Fosters good relations between groups of people

If you have ticked one or more of above, please go to section 5.

- ✓ **No** (please stop here and email this form to your Chief Officer who needs to email it to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) for publishing)

**Section 5:** Could the proposal have a positive or negative impact on any of the protected groups (race, gender, disability, gender reassignment, age, pregnancy and maternity, religion and belief, sexual orientation, marriage and civil partnership)?

You may also want to consider socio-economic status of individuals.

Please list in the table below and include actions required to mitigate any potential negative impact.

Which group(s) of people could be affected	Potential positive or negative impact	Action required to mitigate any potential negative impact	Lead person	Timescale	Resource implications

**Section 5a:** Where and how will the above actions be monitored?

**Section 5b:** If you think there is no negative impact, what is your reasoning behind this?

**Section 6:** What research / data / information have you used in support of this process?

**Section 7:** Are you intending to carry out any consultation with regard to this Council proposal?

Yes

If 'yes' please continue to section 8.

If 'no' please state your reason(s) why:

(please stop here and email this form to your Chief Officer who needs to email it to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) for publishing)

**Section 8:** How will consultation take place and by when?

Consultation with Audit & Risk Management Committee as part of considering the proposals which will then be referred to Cabinet / Council for inclusion within the updated Council Constitution prior to May 2013.

Before you complete your consultation, please email your preliminary EIA to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) via your Chief Officer in order for the Council to ensure it is meeting it's legal requirements. The EIA will be published with a note saying we are awaiting outcomes from a consultation exercise.

Once you have completed your consultation, please review your actions in section 5. Then email this form to your Chief Officer who needs to email it to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) for re-publishing.

**Section 9:** Have you remembered to:

- a) Add appropriate departmental hyperlink to where your EIA is/will be published (section 2b)
- b) Include any potential positive impacts as well as negative impacts? (section 5)
- c) Send this EIA to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) via your Chief Officer?
- d) Review section 5 once consultation has taken place and sent your completed EIA to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) via your Chief Officer for re-publishing?