



GOVERNANCE COMMITTEE

15 JANUARY 2015

Subject Heading:

CMT Lead:

Report Author and contact details:

Policy context:

Financial summary:

AMENDMENTS TO THE CONSTITUTION

– Financial Regulations, Finance Policy and Budget and Policy Framework

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Constitutional amendments relating to the financial governance of the Council

There are no relevant financial implications; the proposed amendments are designed to achieve a single set of rules where possible across the shared services of LB Havering and LB Newham, to simplify and standardise the financial processes and decision-making .

The subject matter of this report deals with the following Council Objectives

Ensuring a clean, safe and green borough	<input type="checkbox"/>
Championing education and learning for all	<input type="checkbox"/>
Providing economic, social and cultural activity in thriving towns and villages	<input type="checkbox"/>
Valuing and enhancing the lives of our residents	<input checked="" type="checkbox"/>
Delivering high customer satisfaction and a stable council tax	<input checked="" type="checkbox"/>

SUMMARY

1. While the Monitoring Officer has the power to make amendments to the Constitution in certain limited circumstances, other amendments are dealt with under Part 1 Article 4.02 paragraph (a) of the Constitution, which provides that only the Council will exercise the function of adopting and changing the Constitution.
2. Part 3 Section 1 paragraph 1.2 of the Constitution provides that this Committee will
 - a. Monitor and review the operation of the Constitution to ensure that the views and principles of the Constitution are given full effect.
 - b. Make recommendations to the Council about amending the Constitution.
3. Following the establishment of the shared service between Havering and Newham Councils, officers have been reviewing the formal governance

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arrangements and associated policies and procedures. The aim being to both rationalise and standardise these to make them, as far as possible, consistent. This brings a number of benefits including ease of maintenance, consistency, simplification and portability between the two councils, and should ensure that all detailed procedures, including the operation of the Oracle suite of systems, takes place in a consistent manner.

4. It is recognised that the overarching governance arrangements between the two councils do differ, and this has been reflected in carrying out this review. However, the basic principles to be applied do not currently differ in any substantive way, and this has therefore facilitated bringing two sets of rules together into a single set.
5. The areas dealt with in this report are the Financial Regulations, a new Finance Policy to provide the platform on which the Regulations will operate, and the Budget and Policy Framework. The Committee is asked to note that further work is underway on the delegations to the Joint Committee created to oversee the operations of the shared service, and a further report on this will be brought forward in due course.

RECOMMENDATIONS

That the Committee recommend to Council that the revised Financial Regulations, Finance Policy and Budget and Policy Framework be adopted.

REPORT DETAIL

1. The creation of the shared service OneSource has led to a review of the financial regulations of both LB Havering and LB Newham's constitution with the aim of achieving one integrated set of regulations. The benefits of doing so are that all finance staff, and all managerial staff, would be working to a single set of consistent rules applicable across both councils. This in turn will enable the financial systems that underpin financial management across the two councils to be standardised. The opportunity has also been taken to update and rationalise the current rules where appropriate.
2. A review of the current financial regulations has been completed across the two councils and the Committee is now invited to approve the revised version, as set out in the appendix. These comprise:
 - Financial Regulations (previously known in Havering as the Financial Procedure Rules)
 - A new Finance Policy
 - Budget and Framework Policy.

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3. These fall within Part 4, Rules of Procedure, of the Havering constitution. The Finance Policy is intended to “front-end” the Financial Regulations of the Council.
4. The amended Financial Regulations will in most cases be the same for both Havering and Newham. The broad model used to develop the Havering set follows the standard format set down by CIPFA; although this has meant there are some changes to the format, the basic content and meaning of the Regulations does not differ substantively from the current set.
5. It is intended that the new rules would be implemented effective from 1 April 2015, to coincide with the planned implementation of the Oracle suite of systems in LB Newham. Appropriate steps are planned to communicate the proposed changes to officers and to amend the supporting procedures and protocols where necessary.

IMPLICATIONS AND RISKS

Financial implications and risks:

There are no specific financial implications

Legal implications and risks:

There are no relevant legal implications

Human Resources implications and risks:

There are no relevant HR implications

Equalities implications and risks:

There are no relevant equality implications

BACKGROUND PAPERS

There are none.