

## ITEM NO: 9

<b>DECISION-MAKER:</b>	STANDARDS AND GOVERNANCE COMMITTEE COUNCIL		
<b>SUBJECT:</b>	CHANGES TO FINANCIAL PROCEDURE RULES		
<b>DATE OF DECISION:</b>	3 <sup>rd</sup> DECEMBER 2007 (STANDARDS AND GOVERNANCE) 16 <sup>th</sup> JANUARY 2008 (COUNCIL)		
<b>REPORT OF:</b>	EXECUTIVE DIRECTOR OF RESOURCES		
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### STATEMENT OF CONFIDENTIALITY

NOT APPLICABLE

### SUMMARY

The purpose of this report is to present to Standards and Governance, and seek approval from Full Council, changes to the Financial Procedure Rules within the Council's Constitution. Standards and Governance Committee have a governance role in this regard, while Full Council is the ultimate decision-making body as to the Council's Constitution.

### RECOMMENDATIONS:

#### STANDARDS AND GOVERNANCE

- (i) To note the proposed changes to the Financial Procedure Rules.

#### COUNCIL

- (i) To agree the changes to the Financial Procedure Rules as set out in this report.

### REASONS FOR REPORT RECOMMENDATIONS

1. Standards and Governance Committee's role in relation to the Constitution requires its consideration of any changes which includes changes to the Financial Procedure Rules. Any changes to the Constitution require approval from Full Council.

### CONSULTATION

2. The proposals in this report have been subject to consultation with officers, and by presenting the draft to Standards and Governance Committee prior to its consideration by all Members of the Council at Full Council, this also constitutes part of the consultation process prior to the ultimate determination by Full Council.

## ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. Any changes to the Constitution must be considered by Standards and Governance and approved by Full Council.

## DETAIL

4. The report is provided first to Standards and Governance Committee to enable Standards and Governance Committee to consider the issues, in its governance role.
5. The Constitution of the Council describes the way in which the Council conducts its business. It includes the Council's Financial Procedure Rules.
6. There are two proposed amendments to Financial Procedure Rules which are detailed below.

## APPROVAL OF CAPITAL SCHEMES

7. Financial Procedure Rule B27 currently states:  
*Schemes already added to the capital programme may spend up to £50,000 or ten per cent of the scheme budget, whichever is the lesser, with relevant Cabinet Member approval in advance of approval to spend on the scheme for the purpose of scheme design and costing.*
8. In order to improve the accuracy of capital scheme budgets, it is important that effective scheme design and costing has been carried out in advance of committing resources to a scheme. There are often significant time constraints on carrying out sufficient design and costing before the work needs to be carried out.
9. The current process, where under Financial Procedure rule B27 approval to spend on scheme design must be approved at a formal decision making meeting of the Cabinet Member, builds in an additional time constraint in being able to carry out initial design and costing works. In order to facilitate the earlier commencement of design work, whilst still securing Cabinet Member involvement, it is proposed that Financial Procedure Rule B27 be re-written as follows:
10. ***Schemes already added to the capital programme may spend up to £50,000 or ten per cent of the scheme budget, whichever is the lesser, following consultation with relevant Cabinet Member, in advance of approval to spend on the scheme for the purpose of scheme design and costing.***
11. This will ensure that Cabinet Members are kept informed and involved in such situations but that the formal decision making report and process is not required. It should be stressed that this only applies to capital schemes that

have already had formal approval to be added to the capital programme, and that the remaining budget will still be subject to the normal decision making process for approval to spend.

12. It is anticipated that this change will improve the efficiency of the scheme design process in advance of final approval to spend on capital projects.

### **CAPITAL EXPENDITURE BY SCHOOLS**

13. School capital schemes which do not require funding from Southampton City Council, and are therefore funded from delegated capital and grant or contributions awarded direct to the school should not be subject to the formal rules regarding addition/approval of a capital scheme through the Cabinet/Council process, as School governors have delegated powers to spend such money.

14. In order to clarify the Financial Procedure Rules regarding capital expenditure by schools, and to achieve consistency between the Scheme for Financing Schools and the Council's Financial Procedure Rules within the Constitution, it is therefore proposed that the following Financial Procedure Rule in paragraph 15 below is added:

15. New Financial Procedure Rule to be added:

#### ***Capital Expenditure by Schools***

***B.44. Where a school is financing capital expenditure using its capital budget, the school will be exempt from the above Capital Financial Procedure Rules.***

### **FINANCIAL/RESOURCE IMPLICATIONS**

#### **Capital**

16. None

#### **Revenue**

17. None

#### **Property**

18. None

#### **Other**

19. None

## **LEGAL IMPLICATIONS**

### **Statutory power to undertake proposals in the report:**

20. The Executive arrangements for the Constitution are dealt with under the Local Government Act 2000. Other matters referred to in the substantive draft report range from the Local Government Act 1972 through to the Local Government Act 2003. Overall, the statutory powers to undertake the proposals set out in the draft report to be presented to Full Council on 16<sup>th</sup> January 2008 are dealt with on a paragraph-by-paragraph basis in the substantive report.

### **Other Legal Implications:**

21. None

## **POLICY FRAMEWORK IMPLICATIONS**

22. None

**SUPPORTING DOCUMENTATION**

**Appendices**

1.	None
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**Documents In Members' Rooms**

1.	None
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**Background Documents**

Title of Background Paper(s)

Relevant Paragraph of the  
Access to Information  
Procedure Rules / Schedule  
12A allowing document to be  
Exempt/Confidential (if  
applicable)

1.	None	
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**Background documents available for inspection at:**

E-mail:

**FORWARD PLAN No:**

N/A

**KEY DECISION?**

N/A

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**WARDS/COMMUNITIES AFFECTED:**

NOT APPLICABLE