

# LONDON BOROUGH OF CROYDON

<b>REPORT:</b>	<b>GENERAL PURPOSES COMMITTEE)</b>	
<b>DATE OF DECISION:</b>	<b>GENERAL PURPOSES COMMITTEE 14 JANUARY 2025 COUNCIL 26 FEBRUARY 2025</b>	
<b>REPORT TITLE:</b>	<b>REVISED FINANCIAL REGULATIONS</b>	
<b>CORPORATE DIRECTOR:</b>	<b>JANE WEST, CORPORATE DIRECTOR OF RESOURCES AND S151 OFFICER</b>	
<b>LEAD OFFICER:</b>	<b>ALLISTER BANNIN, DIRECTOR OF FINANCE (DEPUTY S151)</b>	
<b>LEAD MEMBER:</b>	<b>CLLR JASON CUMMINGS, CABINET MEMBER FOR FINANCE</b>	
<b>DECISION TAKER:</b>	<b>COUNCIL</b>	
<b>CONTAINS EXEMPT INFORMATION?</b>	<b>NO</b>	<b>Public Grounds for the exemption: N/A</b>
<b>WARDS AFFECTED:</b>	<b>All</b>	

## 1. SUMMARY OF REPORT

- 1.1** This report presents to the Committee the Council’s proposed revised Financial Regulations for review, and to recommend to Full Council their adoption. It is proposed that the revised Financial Regulations supersede the current Financial Regulations (Part 4H of the Constitution).
- 1.2** The Financial Regulations were last updated in December 2021, and it is best practice to review the Financial Regulations on a regular basis to ensure they comply with latest legislation and statutory guidance and align with the Council’s current policies and procedures (including the risk management framework). The review of the Financial Regulations has also taken into account the issues raised through the Reports in the Public Interest, statutory recommendations, and key recommendations by external audit.

## 2. RECOMMENDATIONS

For the reasons set out in the report, General Purposes Committee is recommended:

- 2.1** to review and comment on the proposed changes to the Financial Regulations attached as Appendix 1 to this report.
- 2.2** to recommend to Full Council the adoption of the proposed changes to the Financial Regulations.

- 2.3** to recommend to Full Council to authorise the Monitoring Officer to update the Constitution with the revised Financial Regulations and to make such consequential and minor amendments where necessary to parts of the Constitution and any Scheme of Delegations as appropriate to give effect the revised Financial Regulations.

### **3. REASONS FOR RECOMMENDATIONS**

- 3.1** It is best practice to review the Financial Regulations on a regular basis to ensure they comply with latest legislation and statutory guidance and align with the Council's current policies and procedures (including the risk management framework).
- 3.2** The revision of the Financial Regulations has also aimed to ensure consistency in the application of financial thresholds for decision making, ensure clarity in relation to roles and responsibilities, and to make them clearer and easier to understand for Members, officers and the public.

### **4. BACKGROUND AND DETAILS**

- 4.1** The Financial Regulations form Part 4H of the Constitution. They aim to ensure that the Council protects and makes the best use of the money it receives and spends.
- 4.2** The Financial Regulations are the regulatory framework within which the financial affairs of the Council (except maintained schools) operate. Schools must adopt their own financial policy and procedures based on the principles within these regulations but also taking account of more specific guidance issued, including the Croydon Scheme for Financing Schools. These clarify responsibilities and provide a framework for decision making. These reflect how statutory powers and duties are discharged, as well as setting best professional practice.
- 4.3** All Members and all Officers of the Council must abide by the Financial Regulations. Any breach by Officers may be considered a disciplinary offence and could lead to dismissal. Any breach by Members may also be a breach of the Members' Code of Conduct, which is included in Part 5 of the Constitution and overseen by the Ethics Committee.
- 4.4** The Financial Regulations were last updated in December 2021 and it is best practice to review the Financial Regulations on a regular basis to ensure they comply with latest legislation and statutory guidance and align with the Council's current policies and procedures (including the risk management framework). The review of the Financial Regulations has also taken into account the issues raised through the Reports in the Public Interest, statutory recommendations and key recommendations by external audit.
- 4.5** The revision of the Financial Regulations is a key part of the Council's Financial Improvement Plan and the review was intended to achieve the following:
- To ensure the Financial Regulations are fit for purpose and based on best practice;
  - To ensure they reflect changes in legislation or statutory guidance;
  - To support the delivery of good governance on all financial matters;
  - To align with the other relevant parts of the Constitution e.g. the Contract Standing Orders (known previously as the Tenders and Contracts Regulations);

- To ensure consistency in the application of financial thresholds for decision making;
- To ensure clarity in relation to roles and responsibilities;
- To simplify the Financial Regulations so that they are clearer and easier to understand for Members, officers and the public;
- To act as a practical guide and reference point for budget holders and decision makers in fulfilling their financial obligations.

**4.6** The scope of the review included all aspects of the Financial Regulations:

- Overall Roles and Responsibilities;
- Financial Planning;
- Financial Decision Making;
- Financial Control;
- Financial Accounting and Audit;
- Financial Administration;
- Financial Systems and Procedures;
- External Arrangements (including partnerships, external funding, work by the Council for Third Parties, Companies and Outside Bodies, and Agreements with Third Parties).

**4.7** If the proposed new Financial Regulations (attached as Appendix 1) are approved by Full Council in February 2025 (following recommendation from General Purposes Committee), then they will be immediately communicated to all officers and implemented across the Council.

## **5. ALTERNATIVE OPTIONS CONSIDERED**

**5.1** None. The Financial Regulations should be reviewed on a regular basis to ensure they comply with latest legislation and statutory guidance and align with the Council's current policies and procedures (including the risk management framework).

## **6. CONSULTATION**

**6.1** The process of revising the Financial Regulations has involved three meetings with the Constitution Working Group in October, November and December 2024.

**6.2** The draft Financial Regulations were also shared for comment with the Audit and Governance Committee, the Chair, Deputy-Chair and Vice-Chair of the Scrutiny and Overview Committee, and the Chair and Finance Lead of the Improvement and Assurance Panel (IAP).

## **7. CONTRIBUTION TO EXECUTIVE MAYOR'S BUSINESS PLAN**

**7.1** The revision of the Financial Regulations supports the Mayor's Business Plan 2022-2026 objective one "The council balances its books, listens to residents and delivers good sustainable services".

## **8. IMPLICATIONS**

### **8.1 FINANCIAL IMPLICATIONS**

- 8.1.1.** The financial implications are covered throughout the revised Financial Regulations. It is best practice to review the Financial Regulations on a regular basis to ensure they comply with latest legislation and statutory guidance and align with the Council's current policies and procedures (including the risk management framework). The review of the Financial Regulations has also taken into account the issues raised through the Reports in the Public Interest, statutory recommendations and key recommendations by external audit.

Comments approved by Allister Bannin, Director of Finance (Deputy s151), 13/12/2024.

### **8.2 LEGAL IMPLICATIONS**

- 8.2.1** Section 151 of the Local Government Act 1972 requires the Council to make arrangements for the proper administration of its financial affairs. Undertaking a review of the Financial Regulations regularly ensures that the Council has in place adequate and effective financial management, a robust system of internal control, management of financial risk and sound governance arrangements in accordance with good practice and statutory requirements. The proposed changes to the Financial Regulations support compliance with these requirements.

- 8.2.2** Adopting changes to the Council's Constitution is a non-executive function reserved to Full Council after the General Purposes Committee has considered the proposed changes and made a recommendation.

- 8.2.3** According to s9P of the Local Government Act 2000 the Council must keep its Constitution up to date.

Comments approved by the Principal Lawyer, Corporate Law & Litigation on behalf of the Director of Legal Services and Monitoring Officer, 6.01.2025.

### **8.3 EQUALITIES IMPLICATIONS**

- 8.3.1** There are no direct equalities implications arising from the revised financial regulations.

- 8.3.2** The Council has a statutory duty to comply with the Public Sector Equality Duty (PSED) as set out in section 149 of the Equality Act 2010. The Council must, therefore, have due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act.
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Comments reviewed by Philip Conteh (Senior Equalities Officer), on behalf of the Head of Strategy and Policy, 06/01/2025.

## **8.4 HUMAN RESOURCES IMPLICATIONS**

- 8.4.1** As stated in paragraphs 1.3 and 1.4 of the financial regulations: “All Members and all Officers of the Council must abide by the Financial Regulations. Any breach by Officers may be considered a disciplinary offence and could lead to dismissal.” and “All officers with financial responsibilities must read, understand and comply with these regulations.”

Comments approved by Gillian Bevan, Head of HR Business Partnering on behalf of Dean Shoesmith, Chief People Officer, 30/12/2024.

## **9. APPENDICES**

- 9.1** Appendix 1: Revised Financial Regulations

## **10. BACKGROUND DOCUMENTS**

- 10.1** Current Financial Regulations: [Part 4H Financial Regs June 2020 Updated 13.pdf](#)