

REPORT FOR: CABINET

Date of Meeting:	18 October 2011
Subject:	Cabinet Decision Making Protocol and Amendments to the Financial Regulations
Key Decision:	Yes
Responsible Officer:	Hugh Peart, Director of Legal and Governance Services Julie Alderson, Interim Director of Finance
Portfolio Holder:	Councillor Bill Stephenson, Leader and Portfolio Holder for Finance and Business Transformation Councillor Graham Henson, Portfolio Holder for Performance, Customer Services and Corporate Services
Exempt:	No
Decision subject to Call-in:	No
Enclosures:	Appendix 1: Cabinet Decisions Protocol and Amended Financial Regulations

Section 1 – Summary and Recommendations

This report sets out recommendations to adopt a protocol on which decisions should go to Cabinet and to amend the Council's Financial Regulations.

Recommendations:

Cabinet is requested to:

1. Approve the Cabinet Decision Making Protocol and recommend it to Council for inclusion in the constitution.

2. Approve the amended Financial Regulations and recommend these to Council for inclusion in the Constitution.

Reason: (For recommendation)

To give clarity and transparency for officers, members and the public about which matters will go to Cabinet. To update the Financial Regulations to give greater clarity of financial governance.

Section 2 – Report

2.1 Introductory paragraph

- 2.1.1 Advice to officers and members about which matters should go to Cabinet can be found in the form of officer delegations, the terms of reference of Cabinet and within Article 13 of the constitution. The Cabinet Decision Protocol brings this guidance together. This will assist members and officers and ensure that the correct decisions go to Cabinet. It will enable members to become involved and give scrutiny to the most important decisions.
- 2.1.2 The Corporate Director of Finance is responsible for maintaining a continuous review of the Financial Regulations and submitting any material additions or changes necessary to Council for approval. The Financial Regulations have been reviewed and updated, in particular in response to the recommendations of the Capital Investigation Implementation Plan which is monitored by the GARM Committee.

2.2 Options considered

- 2.2.1 One option would be to continue with the present situation and not have a protocol on Cabinet decisions. This may mean that Cabinet may have inappropriate matters before it and there is also the danger that an important decision may not find its way to Cabinet.
- 2.2.2 In relation to the Financial Regulations there is a requirement for continuous review.

2.3 Background

- 2.3.1 Currently there is no protocol on which matters should come to Cabinet and which should not. Officers have undertaken research across all London boroughs to benchmark Harrow's Key Decision thresholds. It has been found that these are low in comparison with other London Boroughs. From the list it is clear that Harrow has a low financial threshold. Of the boroughs looked at:

- 12 had no financial limit and relied upon a definition of significant
- 5 had limits of £100k
- 10 had limits between £200k and £1.5 million
- 2 had a limit that was a percentage of the budget
- 1 had a very detailed list

Currently when reports to Cabinet are examined a wide variety of matters are put before Cabinet. A protocol of what types of matters Cabinet expect to see would assist members and officers.

- 2.3.2 The changes to the Financial Regulations clarify and strengthen the processes for the approval of the capital programme and capital projects, and includes amendments to the levels of approval required. In addition, the Virement section of the Financial Regulations has been amended to reflect the virement rules approved by Council in February 2011. The other main changes are: the inclusion of guidance on the requirements of the Bribery Act 2010; the requirement for officers to adhere to the newly introduced mandatory project and programme management approach; and changes to the Scheme of Delegation including in relation to the Contract Procedure Rules and levels of approval for contracts .

2.4 Current situation

Article 13 of Harrow's Constitution contains the principles governing Council and Executive decision-making. Specifically, Article 13.03(b) provides the following regarding key decisions:

A Key Decision is an executive decision which:

- (i) **is likely to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates; or**
- (ii) **is likely to be significant in terms of its effects on communities living or working in an area of two or more wards of the Borough.**

A decision is significant for the purposes of (i) above if it involves expenditure or the making of savings of an amount in excess of £500,000 for capital expenditure or £100,000 for revenue expenditure or, where expenditure or savings are less than the amounts specified above, they constitute more than 50% of the budget attributable to the service in question.

2.5 Why a change is needed

A protocol on which matters should go to Cabinet will give clarity to officers and members about what matters should be put before

Cabinet. It will ensure that members see the most important decisions that the Council makes. There is a requirement to continuously review the Financial Regulations in order that they reflect the latest statutory and Council regulations in relation to financial matters. This is an obligation of the Corporate Director of Finance as statutory 151 officer in order to ensure the stewardship of public assets.

2.6 Recommendations

2.6.1 It is therefore recommended that;

1. Cabinet approves the Cabinet Decisions Protocol and refers it to Council for inclusion in the Constitution.
2. Cabinet approves the Financial Regulations and refers it to Council for inclusion in the Constitution.

2.7 Implications of the Recommendation

2.7.1 Staffing/workforce

There are no direct implications

2.7.2 Legal comments

2.7.3 It is important that the correct authority is gained for decisions and that the constitution is kept up to date.

Decision makers should have due regard to the public sector equality duty when making decisions. In this case Officers do not believe that there are any equality implications to this decision.

2.8 Financial Implications

2.8.1 There are no direct financial implications, but the recommendations in this report seek to clarify and strengthen areas of financial governance and stewardship.

2.9 Performance Issues

2.9.1 The Cabinet Decision Making protocol will add clarity and increase the effectiveness of the decision making process.

2.10 Environmental Impact

2.10.1 None

2.11 Risk Management Implications

2.11.1 Improvements to Corporate Governance and Financial Regulations help reduce risk generally and must be embedded in the organisation.

2.12 Equalities implications

There are no equalities implications regarding this decision.

2.13 Corporate Priorities

This report supports all of the corporate priorities as it helps to safeguard public assets. The protocol will ensure that the correct matters go before Cabinet and that the public are aware of them.

Section 3 - Statutory Officer Clearance

Name: Julie Alderson	<input checked="" type="checkbox"/>	Interim Director of Finance
Date: 12 October 2011		
Name: Jessica Farmer	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 11 October 2011		

Section 4 – Performance Officer Clearance

Name: Alex Dewsnap	<input checked="" type="checkbox"/>	Divisional Director Partnership, Development and Performance
Date: 11 October 2011		

Section 5 – Environmental Impact Officer Clearance

Name: John Edwards	<input checked="" type="checkbox"/>	Divisional Director (Environmental Services)
Date: 11 October 2011		

Section 6 - Contact Details and Background Papers

Jessica Farmer, Head of Legal Practice. Tel: 0208 424 1889

Contact: Background Papers: Key Decisions Research Document, Council's Constitution

Call-In Waived by the Chairman of Overview and Scrutiny Committee

NOT APPLICABLE

[Decisions which fall within the remit of Council are not subject to Call-in]