

**Manchester City Council
Report for Resolution**

Report to: Constitutional and Nomination Committee – 11 July 2012
The Council – 11 July 2012

Subject: Constitution of the Council – Financial Regulations - Minor Amendments

Report of: The City Solicitor and the City Treasurer

Purpose of the Report:

To enable the Council to adopt minor amendments to the Financial Regulations at Part 5, Sections A, B, C and D of the Council's 2012 Constitution.

Recommendations:

The Council is recommended the attached amended Part 5; Section A, B, C and D of the Council's 2012 Constitution.

Financial Consequences for Revenue Budget:

None

Financial Consequences for the Capital Budget:

None.

Wards Affected:

All.

Implications for:

| | | | |
|-------------|---------------------|-------------|------------|
| Antipoverty | Equal Opportunities | Environment | Employment |
| No | No | No | No |

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Background Documents:

Manchester City Council's 2012 Constitution as adopted by the Council at its Annual Meeting on 16 May 2012.

1. Background

- 1.1 Section 9P of the Local Government Act 2000, as amended, requires a local authority which is operating executive arrangements to prepare and keep up-to-date a Constitution. At its Annual Meeting on 16 May 2012 the Council adopted a revised Constitution.
- 1.2 The City Solicitor is required to monitor and review the operation of the Constitution on an on-going basis, and, where necessary, bring forward amendments to the Council. The City Solicitor has been advised by the City Treasurer of the need to make a number of minor amendments to the Council's Financial Regulations set out at Part 5, Sections A, B, C and D of the Council's 2012 Constitution. The proposed amendments are summarised in paragraph 2 of this report. An Amended Part 5, Sections A, B, C and D is attached as an Appendix to this report. New wording appears in bold.

2. Proposed Amendments

- 2.1 There are a number of minor changes which clarify financial arrangements or accounting terms and these predominantly relate to the role of the City Treasurer and/or Chief Officers/Strategic Directors/Heads of Service.
- 2.2 The most significant of the proposed changes are:
- Where the Authority is in receipt of external funding Strategic Directors and Heads of Service must ensure that the principals set out in the Grants protocol are followed. The protocol sets out minimum standards applicable to all grants, but it should be noted that some grants may have additional requirements imposed by grant awarding bodies, external audit etc which will also need to be met. It also sets out the processes around External Audit certification of grant claims and returns.
 - The requirement for specific revenue items to be submitted by Strategic Directors through Revenue Gateway for scrutiny and approval before recommendations are made to the City Treasurer and Executive. This includes approval for:
 - request for release of funds approved in budget but not yet allocated to departmental cash limit
 - request to bid for new external funding
 - request to utilise increased grant resources allocated to the Council in year (includes any external funds allocated/received in advance)
 - bids for the Development Fund
 - bid for use of reserves
 - request to carry forward funding
 - request to carry forward managed underspends or additional income including the proposed application of any carry forward
 - Monthly financial reports to Departmental Management Teams must not only include the variance of projected outturn to budget but the forecast

achievement of savings against target. Any risks should be clearly identified and include mitigating action

- A requirement to ensure that adequate records are maintained for all capital contracts and to report on spend against the projects in line with the requirements of the City Treasurer.
- Following a change in accounting practice, the Council is required to approve the use of revenue and capital reserves established from the carry forward of grants and external contributions across financial years. Previously grants and external contributions were not specified in the section on reserves and provisions. Accounting requirements now specify that any unspent grant or external contribution, as long as the grant conditions are complied with, is transferred to a reserve at year end. Use of that reserve in a subsequent financial year must be recommended by Executive for approval at full Council if the grant is outside the Authority's financial plan and is in excess of £2m in aggregate in any financial year. This is in addition to the use of reserves not relating to the carry forward of grants set out in the Financial Regulations whereby use of reserves in excess of £2m (in aggregate in the given financial year) is subject to the approval of Council, excluding the planned use of reserves as set out in the budget report as part of the budget setting process.
- Information on the accounting policies set out in the statement of accounts, prepared at 31st March each year, has been expanded to include:
 - property, plant and equipment
 - inventories
 - private finance initiatives
 - pensions
 - borrowing and investments
- Clarification that it is acceptable for suppliers to submit invoices to the Finance Shared Service Centre direct in electronic forms via Email. In exceptional circumstances it will be acceptable for Directorate staff to submit invoices in a similar way but any invoices submitted in this manner must be certified and clearly endorsed with a statement that it is a copy and that payment has not already been made.

3. Recommendations

The Council is recommended to adopt the attached amended Part 5, Section A, B, C and D of the Council's 2012 Constitution.