

# Decision Making – Financial Procedure Rules

## 1) Introduction

The Council's decision making process is set out in its constitution and all decisions are underpinned by a set of financial regulations which set out the rules, processes and governance arrangements that the Council must follow to ensure that financial standards are maintained throughout the Council.

## 2) The Council's Financial Procedure Rules

Financial Procedure Rules are set locally by individual Local Authorities but reflect the legal requirements set out in the Local Government Finance Act 1988. The Financial Procedure Rules for Kensington and Chelsea cover five main areas:

- Financial Planning- the Council must set robust financial plans for the medium term and formally agree a balanced budget each year that is affordable and achievable.
- Financial Management - these rules ensure that the Council has good processes and governance in place for managing its finances within budget and taking the necessary action for areas of concern.
- Risk Management and Control of Resources - these rules ensure that the Council has in place robust processes and controls for identifying, evaluating, managing and mitigating financial and non-financial risks, therefore having overall good control on its resources.
- Systems and Procedures - these rules ensure that the Council has good systems, processes and procedures in place to ensure information is accurate, transactions are properly processed and any errors are detected promptly. Systems can include technology solutions but also wider processes and governance procedures.
- External Arrangements - these rules ensure that the high financial management standards that are in place internally are also in place for any external arrangements. This may include partnerships, external funding and work for third parties or other voluntary organisations.

## 3) Local Decision Making

The borough already has an element of local finance decision making in City Living Local Life, which provides funding of up to £20,000 for each ward.

The Borough and Area Governance Review Panel is considering possible options for involving local people more in decision-making at a local level. If any new structures and arrangements are agreed by the Council following recommendations by the Panel, it will be necessary to ensure:

- They align with the rules and regulations under the five elements of the Council's financial Procedure Rules as set out above.
- There are clear financial controls in place to secure sound financial and risk management.
- There is robust monitoring and reporting in place to ensure compliance with the Financial Procedure Rules.
- Key individuals which are part of the new arrangements understand and take ownership of their specific responsibilities in relation to financial standards and their accountability to the Council's Chief Finance Officer.

Contact Officer: Taryn Eves, Director of Financial Management  
Reporting to: Mike Curtis, Executive Director (Resources and Assets)