

Report title: Proposed Amendments to Financial Procedure Rules

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| Meeting | Corporate Governance & Audit Committee |
| Date | 10th May 2024 |
| Cabinet Member (if applicable) | |
| Key Decision Eligible for Call In | No No – If no give reason |
| Purpose of Report To provide information on proposed changes to Financial Procedure Rules for the municipal year 2024/25 | |
| Recommendations <ul style="list-style-type: none"> Advise Council to approve the proposed changes to Financial Procedure Rules 3 (various) and Financial Procedure Rule 22.5 Reasons for Recommendation <ul style="list-style-type: none"> To clarify arrangements to ensure sound governance and control of capital investments in general, and the receipt of grants from government and other bodies | |
| Resource Implication: There are no direct resource implications, as all the processes described should be followed already. | |
| Date signed off by <u>Strategic Director</u> & name | Not applicable |
| Is it also signed off by the Service Director for Finance? | I Brittain Service Director- Finance |
| Is it also signed off by the Service Director for Legal Governance and Commissioning? | J. Muscroft Service Director - Legal Governance and Commissioning |

Electoral wards affected: all

Ward councillors consulted: not applicable

Public or private: public

Has GDPR been considered?

yes

1. Executive Summary

- 1.1 This report sets out information on proposed changes to Financial Procedure Rules for the year 2024/25.
- 1.2 There are some proposed changes to the capital budgeting and budgetary control arrangements and minor proposed changes regarding grants. The sections affected are most of FPR3 and clause 5 of section 22.

2. Information required to take a decision

- 2.1 All the text changes are shown in Appendix 1 by a table showing the as now and as proposed against each paragraph.
- 2.2 The changes proposed in this report are intended to;
- 2.3
 - (a) Make clear that once Council have determined a capital plan, all specific projects, or programmes of expenditure require a business case that must be approved by Cabinet.
 - (b) Otherwise, there are no changes to financial limits or authority, and the same procedures are presented in a way intended to be slightly simplified and easier to follow
 - (c) Identifies that grants received from government and West Yorkshire Combined Authority (WYCA) require formal incorporation into the councils budget processes, including an approved business case for any capital investment, as (a) above
 - (d) require that any onerous grant conditions are subject to Cabinet approval

3. Implications for the Council

Improving governance, through clearer financial procedure rules, should lead to more effective service delivery.

3.1 Working with People

Not directly applicable.

3.2 Working with Partners

Not directly applicable.

3.3 Place Based Working

Not directly applicable.

3.4 Climate Change and Air Quality

Not directly applicable.

3.5 Improving outcomes for children

Not directly applicable.

3.6 Financial Implications

Effective and clear financial procedure rules assist with strong governance and open decision making, and should improve financial control

3.7 Legal Implications

Effective and clear financial procedure rules assist with compliance, governance and open decision making

3.8 Other (e.g. Risk, Integrated Impact Assessment or Human Resources)

Implementation of should improve overall control arrangements and promote good governance.

4 Consultation

These changes have been prepared by officers of Finance and Legal Governance & Commissioning (Risk) service based on issue of control that have arisen during the last year. The proposed changes have been discussed with the councils senior management.

5 Engagement

None beyond consultation as noted above.

6 Options

6.1 Options Considered

The proposals are minor redrafting to clarify the position

Alternatives would be

- To make no change whatsoever.
- To fundamentally redraft the control arrangements
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6.2 Reasons for recommended Option

There is currently no reason to fundamentally rewrite financial procedure rules (FPRs), which are based around a governance process that allocates responsibilities to Council, Cabinet and officers. In practice the bulk of FPRs are officer processes, and responsibilities, although the areas proposed for change largely relate to the Cabinet officer interface- being clearer what decisions require Cabinet involvement. However, at some stage a rewrite of much of the officer responsibility parts of basic financial administration may be appropriate to reflect the fundamental financial processes now being controlled through electronic information systems rather than by paper records.

7 Next steps and timelines

- Requires formal approval of Annual Council

8 Contact officer

Martin Dearnley Head of Risk (martin.dearnley@kirklees.gov)

Philip Deighton, Head of Budgeting (phil.deighton@kirklees.gov.uk)

9 Background Papers and History of Decisions

Existing Financial Procedure Rules

10 Appendices

Table of detailed changes in appendix1

11 Service Director responsible

Isabel Britain- Service Director Finance

Julie Muscroft- Service Director Legal, Governance & Commissioning