

Name of meeting: Corporate Governance & Audit Committee

Date: 11th May 2018

Title of report: Proposed revisions to Financial Procedure Rules

Purpose of report; To provide information on proposed changes to Financial procedure rules for the municipal year 2018/19

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Not applicable
Key Decision - Is it in the Council's Forward Plan (key decisions and private reports)?	Not applicable
The Decision - Is it eligible for "call in" by Scrutiny?	Not applicable
Date signed off by Director & name Is it also signed off by the Service Director for Finance, IT & Transactional Services Is it also signed off by the Service Director - Legal Governance and Commissioning?	J Muscroft Service Director - Legal Governance and Commissioning Yes (acting CFO)
Cabinet member portfolio	Not applicable

Electoral wards affected: All

Ward councillors consulted: Not applicable

Public

1. Summary

- 1.1 This report sets out information on proposed changes to Financial Procedure Rules.
- 1.2 The main areas proposed for amendment relate to procedures relating revenue and capital management.
- 1.3 A small number of other changes are also proposed. These are marked on the attached documents

2. Information required to take a decision

- 2.1 The detail is contained within the attachment
- 2.2 Section 2 includes suggested amendments to reflect the practical time periods for budgeting and medium term financial planning can be between 2 and 4 years.
- 2.3 The existing FPRs at 2.23 allow for the identification, by officers, or cabinet, of revenue contributions to capital projects funded by revenue virements. The proposal in these changes is that this practice during year is restricted somewhat, so that resources can only be identified either through the council annual budget process or by way of approved virement in respect of existing programmes or projects, and

then subject to the approval of both the Executive Team and the Chief Financial Officer. Text at 3.12 makes the same change to the rules as they relate to capital.

- 2.4 At present rollover (the taking of underspends, or overspends forward at year end) is presumed based on the separate budgets of each directorate. A change is proposed that ends this directorate based assessments, but instead expects executive team to collectively make proposals about which over or underspends should be rolled forward. (2.30).
- 2.5 The council has officer arrangements in place to identify, assess and then control individual capital projects and programmes to deliver effective investments decisions., some minor changes to wordings are suggested to strengthen the approach at 3.17 and 3.18, and to allow the incurring of some design fees to ensure that projects included in the capital plan are appropriately costed.
- 2.6 Additional text at 3.11 makes clear that capital virement transfers must not impact on funding sources (eg capital is not moved between the HRA and general fund)
- 2.7 A further change is proposed at 2.36 and 3.21 that makes clear that the chief finance officer is authorised to make changes to funding streams (mainly between capital and revenue) in order to maximise the councils financial position .
- 2.8 Other changes include making responsibility for establishing an effective internal audit operations a responsibility of the chief executive, in consultation with the chief finance officer and monitoring officer.
- 2.9 The council follows CIPFAs treasury management policies. FPRs 3.1 and 9.1 are recommended for minor drafting changes.
- 2.10 There are also a small number of minor wording changes eg at 5.7,6, 12.11, 20.6 and definitions.

3. Implications for the Council

- 3.1 Early Intervention and Prevention (EIP) -None directly
- 3.2 Economic Resilience (ER) -None directly
- 3.3 Improving Outcomes for Children -None directly
- 3.4 Reducing demand of services -None directly
- 3.5 Although each of the sub categorisations above suggest no direct implications, the financial procedure rules are important rules that dictate the processes and procedures to be followed by officers in delivering sound governance and control.

4. Consultees and their opinions

- 4.1 The chief executive and strategic directors, and acting chief finance officer have been involved in the drafting of these proposals.

5. Next steps

- 5.1 This matter will go forward to Annual Council for consideration.

6. Officer recommendations and reasons

- 6.1 Members are asked to consider the proposed changes to Financial Procedure Rules and recommend them to Annual Council for approval.

7. Cabinet portfolio holder recommendation

7.1 Not applicable.

8. Contact officer

Martin Dearnley, Head of Risk (01484 221000; x 73672)

9. Background Papers and History of Decisions

The attached document includes track changes

10. Director responsible

Director of Legal Governance & Commissioning.