

APPENDIX 1

| <b>FINANCIAL PROCEDURE RULES</b>  |   |
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| CURRENT (MAY 2022)  | POSSIBLE AMENDED TEXT   |
| <b>2. REVENUE BUDGET PREPARATION AND MANAGEMENT</b>   |   |
| <p><b>Responsibilities</b></p> <p>The Council is responsible for determining the Corporate/Council Plan which sets out the Council’s strategic outcomes and actions, and Strategic Directorate outcomes to provides the overarching framework for the determination of the Council’s MTFP within available resources.</p> <p>The Council's Medium Term Financial Plan (MTFP) comprising a multi-year General Fund Revenue Budget Plan which will normally cover a period of up to 5 years (including the revenue consequences from the Capital Investment Plan), a multi-year capital budget plan of up to 5 years and setting the level of Council Tax for the following financial year.</p> | <p><b>Responsibilities</b></p> <p>The Council is responsible for determining the Corporate/Council Plan which sets out the Council’s strategic outcomes and actions, and Strategic Directorate outcomes to provides the overarching framework for the determination of the Council’s Medium Term Financial Plan (MTFP) within available resources.</p> <p>The Council's MTFP includes the following:</p> <ul style="list-style-type: none"> <li>i) an overall revenue balanced budget position for the following financial year; both for the general fund and the ring-fenced Housing Revenue Account (HRA), including making provision for the revenue consequences from the Capital Investment Plan as appropriate.</li> <li>ii) the level of Council Tax for the following financial year</li> <li>iii) general fund and HRA revenue spend and funding forecasts beyond the next financial year; for a period of up to 4 years; including the revenue consequences from the multi-year capital investment plan over the same period; and</li> <li>iv) an overall longer term balanced budget forecast for the HRA MTFP in the context of the ring-fenced 30-year HRA business plan</li> </ul> |

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| <p>2.1 The Cabinet is responsible for recommending to the Council a Medium-Term Financial Plan comprising a multi-year General Fund Revenue Budget Plan and Capital Investment Plan and for implementing it when determined.</p> <p>2.2 The Cabinet is responsible for approving the setting of Council Tenant Rents, and other rents and service charges within the Housing Revenue Account (HRA), each year, within the scope of existing HRA rent and charging policies.</p>                                       | <p>2.1 The Cabinet is responsible for recommending a Medium-Term Financial Plan (MTFP) as set out above to Budget Council, to enable the Council to set a balanced budget for both the general fund and HRA for the forthcoming financial year. The 1992 Local Government Finance Act, Section 30 (6) states that that the billing Authority must set an amount of Council Tax before 11th March in the financial year preceding that for which it is set. To comply with this legal requirement, this effectively means that the annual date of Budget Council should be no later than 10th March each year.</p> <p>2.1A The Cabinet is responsible for implementing the Budget Council approved MTFP for the forthcoming financial year.</p> <p>2.1B On the advice of the Chief Finance Officer, Cabinet can recommend amendments to the MTFP to any meeting of Council, also recommending any related changes to the Council Plan, strategic objectives or actions.</p> <p>2.2 not amended</p> |
| <p style="text-align: center;"><b>Budget Preparation</b></p> <p>2.3 The Cabinet will submit no later than the October meeting of the Council each year a provisional budget strategy, for a period of up to 5 years. The starting point will be the existing multi-year plans rolled forward from the previous year, including a high-level review of Council funding and spend assumptions. Any resultant gap between funding and spend forecasts will inform target spending controls over the new MTFP period.</p> | <p style="text-align: center;"><b>Budget Preparation</b></p> <p>2.3 not amended</p>   |

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| <p>2.4 The Chief Finance Officer is responsible for establishing budget procedures, including determination of the following:</p> <ul style="list-style-type: none"> <li>i) target spending controls for the Council budget over the MTFP, and their allocation to Strategic Directors, as appropriate,</li> <li>ii) the format for budget documentation,</li> <li>iii) a corporate budget timetable, and</li> <li>iv) to report on any amendments put forward as part of the Council's budget process</li> </ul>   | <p>2.4 not amended</p>  |
| <p>2.5 The provisional budget strategy will include arrangements for wider public and key stakeholder engagement on budget options being considered.</p>  | <p>2.5 not amended.</p>   |
| <p>2.6 Strategic Directors will produce draft budget proposals to meet target spending controls for Council budgets over the MTFP, in accordance with budget procedures and the annual budget timetable as set out by the Chief Finance Officer. These draft budget proposals will show how resources are to be allocated across activities, taking into account any service changes, performance targets, and the specific requirements of any relevant legislation, including integrated impact assessments, in formulating budget options for Cabinet consideration.</p> | <p>2.6 not amended</p>  |
| <p>2.7 The Cabinet will consider these proposals in detail and make its recommendations to the Council at least 14 days before the date set for the meeting of the Council which will determine the Council's Budget for the next financial year.</p>   | <p>2.7 At least 14 days before the date set for the meeting of the Council which will determine the Council's Budget for the next financial year, the Cabinet will make its recommendations to the Council with regards to the Annual Revenue Budget, the Capital Plan, and the consequent rates for Council Tax, and the updated MTFP.</p> |

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| <p>2.8 The Chief Finance Officer will advise the Cabinet and the Council on the overall budget, the levels of Council Tax, the use of reserves and the need for contingency budgets, and on the risks involved in the forecasts of spending levels and income. The annual budget report must make reference to all matters required by legislation or appropriate professional guidance.</p>   | <p>2.8 not amended</p>  |
| <p><b>Budget Management</b></p> <p>2.9 The Cabinet is responsible for implementing the Council Plan within the resources allocated in the Revenue Budget. The Cabinet will provide summary revenue monitoring information to the Council at least twice per year.</p> <p>2.10 The Chief Finance Officer will report to the Cabinet on the overall management of the Revenue Budget on a quarterly basis through the year. At least a summary of this information will be published on the council website.</p> <p>2.11 The Chief Finance Officer will determine which budgets are “controllable” by Strategic Directors and will allocate the specific budgets that each Strategic Director has responsibility to manage.</p> <p>2.12 These budgets will normally align with the Strategic Directorate structure of the Council but may also reflect the cross council (transformational) structure of the Council. The Chief Finance Officer will determine which budgets may be considered together for the purposes of delegated virement authority (per FPR 2.21 to 2.25 below).</p> | <p><b>Budget Management</b></p> <p>2.9 The Cabinet is responsible for implementing the Council Plan within the resources allocated in the Revenue Budget, and MTFP<br/>The Cabinet will provide summary revenue monitoring information to the Council at least twice per year.</p> <p>2.10 not amended</p> <p>2.11 not amended.</p> <p>2.12 not amended</p> |

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| <p>2.13 Service Directors are responsible for managing controllable budgets within their delegated authority and should exercise proper budgetary control in order to achieve Council Plan and service objectives.</p> <p>2.14 Service Directors are authorised to incur any expenditure included in the approved revenue budget, as amended by any virement including obtaining and accepting quotations and providing grants and loans, subject to other requirements of CPRs and FPRs.</p> <p>2.15 Service Directors must report on budget management. They must take action to avoid overspending budgets and report any difficulties to the appropriate Strategic Director and the Chief Finance Officer. These reports must be in a format and to a timetable prescribed by the Chief Finance Officer.</p> <p>2.16 Where a Service Director is reporting a projected overspend of more than £500,000 on an activity that cannot be addressed through budget virement, this will be highlighted by the Chief Finance Officer as part of the report to the Cabinet on the overall management of the Revenue Budget on a quarterly basis through</p> | <p>2.13 not amended</p> <p>2.14 not amended.</p> <p>2.15 Service Directors must report on budget management. They must take action to avoid overspending budgets and report any difficulties to the appropriate Strategic Director and the Chief Finance Officer. These reports must be in a format and to a timetable prescribed by the Chief Finance Officer.</p> <p>2.15A A Strategic Director (in consultation with the relevant Portfolio Holder) is authorised to make such changes to service provision as are necessary; providing the proposed change is consistent with the approved Council Plan, service objectives and Council policy, to achieve spending within the approved annual budget or MTFP (as adjusted by any agreed virements)</p> <p>2.16 Where a Service Director is reporting a projected overspend on an activity that cannot be addressed either through budget virement or other in-year changes to service provision, this will be highlighted in a manner prescribed by the Chief Finance Officer as part of the report to the Cabinet on the overall management of the Revenue Budget on at least a quarterly basis through the year. The</p> |
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| <p>the year, setting out the reasons for the overspending and management options for eliminating or reducing the overspending.</p> <p>The Cabinet is responsible for reviewing management options and for recommending such further steps as are necessary to align activity with resources.</p> <p>2.17 The Chief Finance Officer is accountable for all central budgets, which will be managed in the same way as activity budgets.</p> <p>2.18 The Chief Finance Officer has delegated authority to review the requirement for existing Council Provisions and Earmarked Reserves, in-year, and to approve the proposed drawdown of earmarked reserves in-year in consultation with the relevant Strategic Director, ensuring that the proposed drawdowns are appropriate for the stated purpose of the earmarked reserve. Earmarked Reserves drawdowns in-year will also form part of the overall report to Cabinet on a quarterly basis as set out at FPR 2.10. The Chief Finance Officer will also report any new Reserves or Provisions requirements to Cabinet for approval.</p> <p>2.19 Service Directors should delegate authority to commit budgets to the appropriate level of management, make arrangements to set out clearly the extent of authority of managers and review the performance of managers in managing these budgets.</p> | <p>reasons for the overspending and potential management options for eliminating or reducing the overspending will be included in this report. The Cabinet is responsible for determining such further steps as are necessary to align activity consistent with the resources allocated by the MTFP</p> <p>2.17 not amended</p> <p>2.18 not amended.</p> <p>2.19 Service Directors should delegate authority to commit budgets to the appropriate level of management, set out clearly the extent of authority and review the performance of managers in managing these budgets.</p> |
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| <b>Virements</b>  | <b>Virements</b>   |
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| <p>2.20 Service Directors are authorised to transfer resources within an activity budget without limit providing the corporate objectives for the activity is not changed in a material way.</p>  | <p>2.20 not amended</p>  |
| <p>2.21 Virement which is associated with a change in the level of service must be approved by the Cabinet.</p>   | <p>2.21 Virement which results in a change in the level of service must be addressed as per FPR 2.15A.</p>   |
| <p>2.22 Virement is not permitted between HRA funded and General Fund funding streams</p>   | <p>2.22 not amended</p>  |
| <p>2.23 Strategic Directors, in consultation with the appropriate executive member(s), are authorised to transfer resources between controllable activity budgets within the Strategic Directorate budget up to £1,000,000, cumulatively in any one year.</p>   | <p>2. 23 Strategic Directors, in consultation with the appropriate Portfolio Holder (s), are authorised to transfer resources between controllable activity budgets within the Strategic Directorate budget up to £1,000,000, cumulatively in any one year.</p>                                      |
| <p>2.24The Cabinet is authorised to transfer resources (undertake a Virement) of more than £1,000,000 between activity budgets, subject only to the cumulative Virements on any one Strategic Directorate not exceeding £2m in any year. Cumulative Virements above these thresholds requires Council approval.</p>   | <p>2.24The Cabinet is authorised to transfer resources (undertake a Virement) without limit for the purposes of achieving budget targets and obligations</p>   |
| <p>2.25 The transfer of revenue resources in any one financial year from the revenue budget to add additional resources to the capital plan, will only be allowed if:</p> <p>(a) there is explicit prior year approval as part of the approved budget plans of the Council, for the following financial year; or</p> <p>(b) Service Directors can identify, from the revenue budget (up to £500,000 cumulative virement in any one financial year) to add</p> | <p>2.25 The transfer of revenue resources in any one financial year from the revenue budget to add additional resources to the capital plan, will only be allowed if there is explicit prior year approval as part of the approved budget plans of the Council, for the following financial year</p> |

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| <p>additional resources to the capital plan, in respect of approved programmes and projects, and subject to approval by the Executive Team and the Chief Finance Officer; and compliance with FPR 3.17 and 3.18</p> <p>2.26 Virement is specifically not allowed where the transfer of resources is from budgets for capital charges, Council support functions or statutory taxes and levies.</p> <p>2.27 All Virements will be recorded in a way prescribed by the Chief Finance Officer who will arrange for Virements to be incorporated into subsequent financial monitoring reported to the Cabinet.</p> | <p>2.26 not amended</p> <p>2.27 not amended</p>  |
| <p>No changes are recommended to sections 2.28 to 2.37</p>   |  |
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| <p><b>3 CAPITAL INVESTMENT PLAN PREPARATION</b></p>  |  |
| <p>No changes are recommended to sections 3.1 to 3.9</p>   |  |
| <p><b>Plan Management</b></p> <p>3.10 Where the Council has allocated resources to a programme area, the Cabinet will determine the allocation of resources from the programme area to named projects.</p> <p>3.11 The Cabinet is authorised to (1) Transfer resources within a programme area without restrictions. (2) Transfer resources between any project or programme area up to a maximum of £2,000,000 in any financial year. (3) Transfer resources within programme areas between any year within the approved capital plan, subject to compliance with 3.14 and 3.16</p>                           | <p>3.10 not amended</p> <p>3.11 The Cabinet is authorised to transfer resources without restrictions. including between any year, within the approved capital plan, subject to compliance with 3.14 and 3.16</p> |



3.12 Service Directors are authorised to transfer resources within a programme area up to a maximum of £1,000,000 in any financial year, subject to notification to the relevant Cabinet Member and appropriate Ward Members.

3.13 The Cabinet may delegate its authority under Financial Procedure Rule 3.11 to Service Directors. This is to be agreed on an annual basis.

3.14 Transfers under 3.10 to 3.13 require the approval of the Chief Finance Officer who must be satisfied that there is no impact on capital funding stream because of the changes.

3.15 The transfer of revenue resources in any one financial year from the revenue budget to add additional resources to the capital plan, will only be allowed if (a) there is explicit prior year approval as part of the approved budget plans of the Council for the following financial year; or (b) Service Directors can identify from the revenue budget (up to £500,000 cumulative virement in any one financial year) to add additional resources to the capital plan, in respect of approved programmes and projects, but subject to approval by the Executive Team and the Chief Finance Officer; and compliance with FPR 3.19 and 3.20.

3.16 Transfer of resources must recognise funding arrangements. Transfer is not permitted between HRA funded and General Fund

3.12 Service Directors are authorised to (1) Transfer resources within a programme area without restrictions. (2) Transfer resources between any project or programme area up to a maximum of £2,000,000 in any financial year. (3) Transfer resources within programme areas between any year within the approved capital plan, subject to compliance with 3.14 and 3.16 subject to notification to the relevant Cabinet Member and appropriate Ward Members.

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3.14 Transfers under 3.10 to 3.12 require the approval of the Chief Finance Officer who must be satisfied that there is no impact on capital funding stream because of the changes.

3.15 The transfer of revenue resources in any one financial year from the revenue budget to add additional resources to the capital plan, will only be allowed if there is explicit prior year approval as part of the approved budget plans of the Council for the following financial year.

3.16 Transfer is not permitted between HRA funded and General Fund funding streams, nor in respect of any project (or programme)

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| <p>funding streams, nor in respect of any project (or programme) to the extent that it is funded by a project (or programme) specific third-party grant.</p> <p>3.17 Any decision on resource allocation by Cabinet, Strategic and Service Directors (3.11 to 3.16) must recognise any policy decisions of Council. Any decision on resource allocation by Strategic and Service Directors (3.12-3.16) must recognise any policy decisions of Cabinet.</p> <p>3.18 The Chief Finance Officer will report to the Cabinet on the overall management of the Capital Investment Plan on a quarterly basis through the year (including the reporting of virements in respect of transfer of resources within or between programmes. The Cabinet will provide summary monitoring information to the Council at least twice per year</p> | <p>to the extent that it is funded by a project (or programme) specific third-party grant.</p> <p>3.17 not amended</p> <p>3.18 not amended</p>  |
| <p style="text-align: center;"><b>Initiating &amp; Progressing Investment Decisions</b></p> <p>3.19 The Chief Executive will establish arrangements, delegated as appropriate to a lead Strategic Director in conjunction with the Chief Finance Officer, to ensure effective deployment of capital resources, ensuring that these align with council priorities and including the preparation of business cases and/or option appraisals designed to ensure project effectiveness and value for money, and to assist Council to determine its Capital Investment Plan, and assist Cabinet with the allocation of programme area budgets to specific projects. For these purposes the Strategic Director and Chief Finance Officer may approve the incurring of fees for option appraisal or initial</p>                          | <p>3.19 The Chief Executive will establish arrangements, delegated as appropriate to a lead Strategic Director in conjunction with the Chief Finance Officer, to ensure effective deployment of capital resources, ensuring that these align with council priorities and including the preparation of business cases and/or option appraisals designed to ensure project effectiveness and value for money, and to assist Council to determine its Capital Investment Plan, and assist Cabinet with the allocation of programme area budgets to specific projects. For these purposes the Strategic Director and Chief Finance Officer may approve the incurring of fees for option appraisal or initial design fees, subject to the identification of an appropriate funding</p> |

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| <p>design fees, subject to the identification of an appropriate funding source.</p> <p>3.20 A capital outlay report will be prepared for each specific project. It will be signed off by the relevant programme manager and approved by the Chief Finance Officer, who will grant approval to each specific project when satisfied that:</p> <p>a) The project appears on a schedule of named projects (approved by Council or Cabinet, or by officers under a scheme approved by Cabinet).</p> <p>b) That the total costs of a project are estimated to be less than or equal to the amount approved in the Capital Investment Plan.<br/>OR<br/>Where the total costs of a project exceed the amount approved in the Capital Investment Plan the appropriate additional resources has been approved; (3.10 to 3.16),</p> <p>c) Any necessary external approval has been obtained.</p> <p>d) The project will not lead to any unexpected or unplanned costs, not envisaged by the business case or optional appraisal.</p> | <p>source. This can include payment to a contractor for initial project scoping and design, provided that such costs are covered by an identified funding source.</p> <p>3.20 A capital outlay report will be prepared for each specific project. It will be signed off by the relevant programme manager and approved by the Chief Finance Officer, who will grant approval to each specific project when satisfied that:</p> <p>a) The project appears on a schedule of named projects (approved by Council or Cabinet, or by officers under a scheme approved by Cabinet).</p> <p>b) That the total costs of a project are estimated to be less than or equal to the amount approved in the Capital Investment Plan.<br/>OR<br/>Where the total costs of a project exceed the amount approved in the Capital Investment Plan the appropriate additional resources has been approved; (3.10 to 3.16),</p> <p>c) Any necessary external approval has been obtained.</p> <p>d) The project will not lead to any unexpected or unplanned costs, not envisaged by the business case or optional appraisal.</p> <p>The Chief Finance Officer may issue a partial approval (for example to cover a design stage) provided that there are sufficient resources to cover that stage. The Solicitor to the Council may only issue a contract that aligns with this authorisation.</p> |
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| <p>3.21 Service Directors have authority to progress projects once the approvals at 3.20 have been given. They must ensure compliance also with Contract Procedure Rules.</p> <p>3.22 Strategic Directors are responsible for post implementation reviews of capital projects to assess the outcome of investment programmes and projects, and the extent to which these achieved the planned objectives set out in the business case, this assessment to be used in summary to Cabinet and Council as a part of the overall financial reporting and monitoring process.</p> <p>3.23 The Chief Finance Officer is permitted to make variations to capital funding as necessary in order to ensure that the council funding position is optimised, subject to reporting such actions to Cabinet and Council.</p> | <p>3.21 not amended</p> <p>3.22 not amended</p> <p>3.23 not amended</p>   |
| <p><b>Complex Projects</b></p> <p>3.24 Cabinet may delegate decisions in relation to complex projects or schemes of projects (which might relate to expenditure, income, the creation of subsidiary or related organisations) to the Chief Executive (who may further delegate decisions to a Strategic Director, or as appropriate the Chief Finance Officer or Service Director Legal, Governance &amp; Commissioning. The Chief Finance Officer and Service Director Legal, Governance &amp; Commissioning must be consulted on any decision made by such a delegated party.</p>   | <p>3.24 Any capital project which involves partnership arrangements, or investment in limited companies or other separate entities must be approved by Cabinet.</p> <p>3.24A The reporting of the capital position in such cases must follow a similar arrangement to any direct asset investment</p> |
| <p>No changes are recommended to sections 3.25 and 3.26</p>   |   |

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| <b>11. INCOME</b>   |  |
| <p>11.1 Fees and charges must be reviewed at least once per annum. Service Directors have authority to amend fees and charges to achieve budget targets and in line with the annual budget strategy and are permitted to freeze or raise charges by an amount up to the equivalent to the consumer price index. Changes to charges may also reflect reasonable rounding to relevant prices which might in some cases mean that certain prices rise by more than the consumer price index or the budget strategy</p> <p>Service Directors may make amendments to existing Fees and Charges during the financial year to account for changes in legislation, market conditions or to support the local communities or local business following the completion of an appropriate business case, in consultation with the appropriate Strategic Director, relevant Portfolio Holder and Chief Finance Officer.</p> <p>Any proposal to implement new fees or charges must be approved by Cabinet (unless the making and quantum of the charge is a statutory obligation). See also Contract Procedure Rules.</p> | <p>11.1 Fees and charges must be reviewed at least once per annum. Service Directors have authority to implement new charges and amend existing fees and charges to achieve budget targets, to account for changes in legislation and market conditions, in consultation with the appropriate Strategic Director, relevant Portfolio Holder and Chief Finance Officer.</p> |
| No changes are proposed to sections 11.2 to 11.17   |  |
| <b>21. GRANTS TO AND FROM THE COUNCIL AND LOANS FROM THE COUNCIL</b>  |  |
| <p>Grants and Loans to Other Organisations</p> <p>22.17 When offering grants or other forms of assistance to entities that operate on a commercial basis Service Directors must ensure that no assistance will infringe -applicable national or international Procurement or State Aid requirements. In the event of any doubt</p>  | <p>Grants and Loans to Other Organisations</p> <p>22.17 When offering grants or other forms of assistance to entities that operate on a commercial basis Service Directors must ensure that no assistance will infringe -applicable national or international Procurement or State Aid or Subsidy Control Act 2022 requirements.</p>                                       |

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| <p>about the matter advice must be sought from the Service Director Legal Governance &amp; Commissioning.</p> <p>22.18 Service Directors must ensure that appropriate records are retained to publish details of grants in accordance with the Local Government Transparency Code.</p> | <p>In the event of any doubt about the matter advice must be sought from the Service Director Legal Governance &amp; Commissioning.</p> <p>22.18 Service Directors must ensure that appropriate records are retained to publish details of grants in accordance with the Local Government Transparency Code. Details of any subsidy under State aid rules or the Subsidy Control Act 2022 must be published as required by law.</p> |
| <p>No changes are proposed to sections 22.1 to 22.16, or 22.19</p>   |   |

No changes are proposed this year to any other FPR section not listed above