

Report title: Proposed Revisions to Financial Procedure Rules

Meeting	Corporate Governance & Audit Committee
Date	20th February 2026
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 2026/27	
Recommendations <ul style="list-style-type: none"> Approve the changes as detailed in this report, and recommend these changes to Council Reasons for Recommendation <ul style="list-style-type: none"> To clarify arrangements to ensure sound governance and control of financial matters 	
Resource Implication: There are no direct resource implications.	
Date signed off by <u>Strategic Director</u> & name	Not applicable
Is it also signed off by the Service Director for Finance?	Kevin Mulvaney: Service Director- Finance (09/2/2026)
Is it also signed off by the Service Director for Legal Governance and Commissioning?	Samantha Lawton; Service Director - Legal Governance and Commissioning (09/2/2026)

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 2026/27.
- 1.2 The changes this year are set out in the track changed version attached, and in the table below. Resources have not been available to undertake the envisaged re-write of parts of this control document that was suggested last year. It is intended that this will take place during 2026.

2. Information required to take a decision

- 2.1 The following changes are proposed.

Section	Change	Reason
Glossary, and various entries sect 2	Retitle Medium Term Financial Plan (MTFP) to Medium Term Financial Strategy (MTFS)	Reflects strategic nature of this longer-term planning document
Glossary & various entries section 3	Insert new term Major Projects (previously referred to as specified projects, or just projects)	This reflects projects that Council has seen fit to include the Capital Plan
Glossary	Changed definitions for Programmes, and projects	To link to amended text and new term major project
1.1	Minor changes to wording	
1.8	Additional text about the responsibilities of the CFO if the council faces severe financial difficulties	Recognises the potential involvement of MHCLG
2	September to October	Change reflects actual practice
2	MTFS amended to Budget	Current wording does not reflect practice
2.1-2.19	Minor wording changes	
2.37	Remove this paragraph that relates to a right to recharge the costs of errors to service budgets	Unnecessarily punitive; resource allocations to be recommended by CFO.
2.38	Link by reference to 1.8	These actions are potentially related
3.5, 3.6	Add major projects and programmes	Wording adjusted to clarify processes to be followed for programmes, and those for separate projects.
3.7	Additional words related to revenue impacts of capital plan	Ensures that cost impacts from investments are clearly articulated
3.9	Requires Chief Executive or Executive Directors to designate responsibility for capital plan activity to service Directors and removes ability for officers to transfer resources between years	Provides greater clarity of responsibilities; removes an ability that in practice is not required.
3.11	Deletion of reference to ability to use revenue budget to supplement Capital plan expenditure	The "tight" revenue budget position means that this is no longer feasible: Any proposals to meet capital spend from current year

		budgets would require specific approval.
11.1	Income “and -where full cost recovery is a requirement, or objective-evidenced operating costs,”	Adds an additional circumstance where amendments to charges made to customers are allowed
22.12	Additional words to make clear that Cabinet can authorise grants of any value	To clarify the position
23.	A new section that clarifies payments of compensation to those where an ombudsman has recommended, or could recommend such a compensation, or other similar circumstances.	This partially replaces some text previously in the Constitution

2.2 Most of these changes are incremental, with a slightly more significant change in how projects and programmes are included in the capital plan. In future Council will determine major projects and programme areas. Cabinet will have discretion to allocate project to programme areas. There is a requirement for Cabinet to approve business cases for each type of project (or generically for similar projects within a programme).

2.3 It is intended that over the next year officers from Finance and Risk will draw up proposed (more significantly) revised Financial Procedure Rules.

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- this is proposed for next year.
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6.2 Reasons for recommended Option

There are no urgent reasons 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.

However, over the next year, officers from Finance and Risk will look to assess if further, more significant changes to the FPRs are worth considering reflecting the fundamental financial processes now being controlled through electronic information systems rather than by paper records, and ensuring that overall financial governance properly reflect council structures, and member and officer responsibilities and accountabilities

7 Next steps and timelines

- Requires formal approval of Annual Council

8 Contact officer

Kevin Mulvaney Service Director Finance (kevin.mulvaney@kirklees.gov)

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

9 Background Papers and History of Decisions

Existing Financial Procedure Rules

10 Appendices

Not applicable

11 Service Director responsible

Kevin Mulvaney- Service Director Finance

Sam Lawton- Service Director Legal, Governance & Commissioning