

27 NOVEMBER 2024

FINANCIAL PROCEDURE RULES AND FINANCIAL REGULATIONS

Report by Executive Director of Resources and Section 151 Officer

RECOMMENDATION

1. **The Committee is RECOMMENDED to**
 - a) Endorse the amendments to the Financial Procedure Rules and Financial Regulations including those made in April 2020 that were not subject to approval; and, to submit to Council for approval at the meeting on 10 December 2024.

Executive Summary

2. It has recently been identified that the amendments to the Financial Procedure Rules and Financial Regulations updated in April 2020, that remain in current operation, have not been approved by Council. The last approved version was in 2016.
3. The amendments made in 2020 were scheduled to be presented to Council for approval in April 2020, but the meeting was cancelled following the outbreak of the Covid 19 pandemic. The agenda item was never rescheduled. It is a requirement under the Constitution that Financial Procedure Rules and Financial Regulations are subject to approval by Council, therefore this is being reported to Audit and Governance Committee, before a report is submitted to Council on 10 December 2024 for approval.

Background and Summary

4. In 2016 the Financial Regulations were integrated as part of the Financial Procedure Rules, listed in full. In April 2020, the Financial Regulations were separated from the main body of the Financial Procedure Rules, with only a high-level index retained as an annex to the rules. This effectively removed the Financial Regulations from the Constitution document, with the rationale that the regulations themselves are designed to set out the operational financial policies and framework for managing the council's financial affairs. They are intended to be the reference point for staff and members rather than as a public facing document. Procedurally though the requirement for changes to the Financial Regulations to be approved by the County Council was unchanged.

5. The other key change between the 2016 and 2020 versions was to the authorisation levels for Capital, section 5 of the Financial Regulations. The detail of the changes is shown in the table attached as annex 1. (See also para. 8 of this report).
6. The 2020 updated version was due to be approved by the County Council in April 2020 and should have been preceded by a review of the proposed amendments by the Audit and Governance Committee in March 2020. Both meetings were cancelled following the lockdown resulting from the onset of the Covid 19 pandemic.
7. The 2020 updates of both the Financial Procedure Rules and the Financial Regulations were applied to the published Constitution and the internal governance pages on the Council's intranet at that time and are currently in operation; however procedurally as a result of the County Council meeting being cancelled in April 2020, and with the agenda item never being rescheduled, these updates have never been formally approved.
8. On 1 November 2022, the County Council approved further amendments to section 5 (Capital) of the Financial Regulations ([Capital Governance – Amendments to the Financial Regulations](#)). (These changes were agreed by the Audit and Governance Committee on 21 September 2022). The amendments were made to reflect the review of the Capital Governance Framework. The updates were mostly immaterial but did include amending the approval limits to sections 5.5 Disposal of Land and Property, and 5.6 Transfer of Property Assets to be consistent with those in sections 5.1 Capital Resource Allocation, and 5.2 Variations in time, cost, and scope. The approval limits set out in 5.1 and 5.2 were those updated in April 2020, that were never presented to the County Council for approval. County Council did approve the amendments to section 5 of the Financial Regulations on 1 November 2022, but the authorisation limits shown in relation to 5.1 and 5.2 were not presented as amendments. Therefore, whilst the approval of the amendments is an endorsement of the limits shown throughout section 5, there has never been a formal approval of the limits shown in section 5.1 and 5.2. (see Annex 1)
9. There are some further immaterial presentational changes required to both documents, to reflect title changes and also to remove the section on virement rules within the Financial Regulations as this is already covered under Part 3, Section 3.3 of the Constitution. The changes are listed in Annex 2.

Financial Implications

10. There are no financial implications.

Comments checked by: Lorna Baxter, Executive Director Resources and S151 Officer lorna.baxter@oxfordshire.gov.uk

Legal Implications

11. There are no legal implications in the report, and changes to the constitution must be approved by Full Council in due course.

Comments checked by: Paul Grant, Head of Legal and Deputy Monitoring Officer paul.grant@oxfordshire.gov.uk

Staff Implications

12. There are no staff implications.

Equality & Inclusion Implications

13. There are no equality and inclusion implications.

Sustainability Implications

14. There are no sustainability implications.

Risk Management

15. There are no risk management implications associated with this report.

Lorna Baxter
Executive Director Resources and S151 Officer

Annex: ANNEX 1 – Table showing changes to approvals in Financial Regulations section 5 – Capital

ANNEX 2 - Summary of the November 2024 amendments to the Financial Procedure Rules and Financial Regulations.

Background papers: Nil

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November 2024

ANNEX 1 – Table showing changes to approvals in Financial Regulations section 5 – Capital

| | 2016 | | | 2022 | | | Current Finance Regs | |
|------------------------------------|---------------|--------------------------------|--|---------------|--|--|----------------------|--|
| | Amount | Approver | | Amount | Approver | | Amount | Approver |
| Initial resource allocation | £25k or less | Corporate Finance Manager | | £50k or less | Head of Service, FBP & Senior Corp Acc (Capital) | | £50k or less | Head of Service & Senior P&RA |
| | £25k to £500k | Director of E&E and CFO | | £50k to £500k | Service Director | | £50k to £500k | Service Director & S151 Officer |
| | Above £500k | Cabinet | | £500k to £1m | S151 Officer | | £500k to £1m | S151 Officer |
| | | | | £1m or above | Cabinet | | £1m or above | Cabinet |
| | | | | | | | | |
| Contractual Commitments | £500k or less | Service or Cost centre manager | | £500k or less | Authorised officer as per scheme of delegation | | £500k or less | Authorised officer as per scheme of delegation |
| | £500k to £1m | Service manager | | £500k to £1m | S151 Officer | | £500k to £1m | S151 Officer |
| | £1m to £2m | Deputy Director | | £1m or above | Cabinet | | £1m or above | Cabinet |
| | £2m to £5m | Director and CFO | | | | | | |
| | Above £5m | Cabinet | | | | | | |
| | | | | | | | | |
| Cost Variation | £25k or less | Corporate Finance Manager | | £50k or less | Head of Service, FBP & Senior Corp Acc (Capital) | | £50k or less | Head of Service, FBP & Senior P&RA |
| | £25k to £500k | Director of E&E and CFO | | £50k to £500k | Service Director & FPB | | £50k to £500k | Service Director & FPB |
| | Above £500k | Cabinet | | £500k to £1m | S151 Officer | | £500k to £1m | S151 Officer |
| | | | | £1m or above | Cabinet | | £1m or above | Cabinet |

| | 2016 | | | 2022 | | | Current Finance Regs | |
|-----------------------------|----------------|--------------------------------|--|---|----------------------------------|--|----------------------|----------------------------------|
| | Amount | Approver | | Amount | Approver | | Amount | Approver |
| Disposal of Land | Less than £2m | Deputy Director E&E | | Less than £500k | Director of Property | | Less than £500k | Director of Property |
| | £2m to £5m | Director of E&E and CFO | | £500k to £1m | SCB | | £500k to £1m | SCB |
| | £5m or more | Cabinet | | £1m or above | Cabinet | | £1m or above | Cabinet |
| | | | | | | | | |
| Disposal undervalue | Less than £25k | Deputy Director E&E | | Less than £50k | Director for Property | | Less than £50k | Director for Property |
| | £25k to £500k | Deputy Director of E&E and CFO | | £50k to £500k | Property Capital Programme Board | | £50k to £500k | Property Capital Programme Board |
| | Above £500k | Director of E&E and CFO | | £500k to £1m | SCB | | £500k to £1m | SCB |
| | | | | £1m or above | Cabinet | | £1m or above | Cabinet |
| | | | | | | | | |
| Transfer of Property | Less than £25k | Deputy Director E&E | | <p>The process followed for the transfer of property and land assets should be robust and transparent and in accordance Section 123 of the Local Government Act 1972 and any related Council's policies (Community Asset Transfer Policy). The Director for Property should seek appropriate financial and legal advice before any transfer. Then, depending on the estimated loss of income due to the transfer of the property assets, different levels of approval are needed. These are through the approval levels under section 5.5.2</p> | | | | |
| | £25k to £500k | Deputy Director of E&E and CFO | | | | | | |
| | Above £500k | Director of E&E and CFO | | | | | | |

Annex 2 Summary of the November 2024 amendments to the Financial Procedure Rules and Financial Regulations.

Changes to Financial Procedure Rules

- Date
- Correcting alignment and formatting
- All references to S151 Officer, Executive Director of Resources etc. changed to: Executive Director of Resources and Section 151 Officer

Changes to Financial Regulations

- Date
- Correcting alignment and formatting, standardising grammar and use of capital letters
- Updated hyperlinks in the text
- All references to S151 Officer, Executive Director of Resources etc. changed to: Executive Director of Resources and Section 151 Officer
- Section 2: 2.6.2 Updated deputy S151 role to include Head of Finance Business Partnering
- Section 4: Virement section 4.3.3. This section has been removed as it already included in the Constitution, Part 3 section 3.3 Virement Rules..
- Section 5: 5.2.2 – deleted ‘think of definition’: If the cost variation is requesting additional corporate funds (~~think of definition~~) and if below £500,000 then the Deputy Section 151 Officer must approve the funding.
- Section 6: 6.3 Updated reference to Head of IT
- Section 9: 9.4.1 Updated reference to Director of HR and Cultural Change