

COUNCIL – 4 NOVEMBER 2025

Update to Section 5 of the Financial Regulations (Capital Expenditure)

Report by the Executive Director of Resources & Section 151 Officer

RECOMMENDATION

1. **Council is RECOMMENDED to approve:**
 - a) amendments to Section 5 of the Financial Regulations increasing the limit for Cabinet approval for new inclusions and variations to capital schemes from £1.0m to £2.0m to align with the key decision threshold of £2m.
 - b) that in exceptional circumstances up to £0.500m funding for exploratory feasibility works can be approved by the Executive Director of Resources and Section 151 Officer (following discussion and recommendation at, and with the support of the Strategic Capital and Commercial Board).

Executive Summary

2. In April 2025 Council agreed a number of changes to the Constitution. As part of that the threshold for a Key Decision for capital expenditure was increased to £2.0m.
3. Section 5 of the Financial Regulations which sets out the arrangements for Capital expenditure needs to be updated to align with the threshold for a Key Decision. It is proposed to increase the threshold for Cabinet approval for new inclusions and variations to the programme to £2.0m (from £1.0m). The Strategic Capital and Commercial Board would approve any expenditure above £0.5m up to £2.0m.

Background

4. The Financial Procedure Rules provide the framework for managing the council's financial affairs. They apply to every councillor and officer of the authority and anyone working at the council or acting on its behalf. As part of the Constitution, the Procedure Rules are maintained on the council's public website.
5. The Procedure Rules identify the key financial responsibilities of the Full Council, the Cabinet, Chief Executive, Executive Director of Resources and

Section 151 Officer, Directors and anyone working for or at the council. They are linked to other regulatory documents forming part of the council's Constitution, for example, contract regulation procedures.

6. Financial Regulations set out the council's financial policies and the framework for managing the council's financial affairs. They provide more detailed guidance on how the Financial Procedure Rules should be implemented in practice. They also identify the high-level financial controls within which all councillors and staff must operate. Regulations are maintained on the council's intranet. Note that schools within the county (with very few exceptions) should operate within the Finance Regulations for Schools, which closely reflect the council's Financial Regulations.
7. The Executive Director of Resources and Section 151 Officer is the Council's Responsible Officer under section 151 of the Local Government Act 1972 and is responsible for maintaining continuous review of the Financial Regulations and updating them, where necessary, for Council to approve.
8. The changes to the Constitution agreed by Council in April 2025, increased the threshold for Key Decisions to £1m revenue, and £2m capital, expenditure in line with inflation since the thresholds were first set.
9. Section 5 of the Financial Regulations explains the council's capital governance process and the arrangements for agreeing new inclusions in the capital programme and variations to existing schemes.
10. To enable consistency with the Key Decision threshold it is proposed to increase the Cabinet approval level for new inclusions or variations to £2.0m. This approval would be via the Capital Monitoring Report or the Capital Approvals Report, based on the recommendations by the Strategic Capital and Commercial Board and the Executive Director of Resources and Section 151 Officer.
11. Where the total estimated resource bid or allocation is between £0.500m and £2.000m the Executive Director of Resources and Section 151 Officer (following discussion and recommendation at, and with the support of the Strategic Capital and Commercial Board) can agree its inclusion into the capital programme. This will subsequently be reported to Cabinet.
12. Section 5.1.1 is also proposed to be updated to align with the key decision threshold of £2m and to add the following:

“In exceptional circumstances where there is a need to do exploratory work to determine very initial options for a potential scheme, up to £0.500m funding for exploratory feasibility works may be approved by the Executive Director of Resources and Section 151 Officer (following discussion and recommendation at, and with the support of the Strategic Capital and Commercial Board) and reported to the Cabinet Member for Finance, Property and Transformation. This expenditure would be ahead of a firm scheme being included in the

capital programme so would need to be funded from revenue in the first instance.”.

Financial Implications

13. There are no significant financial implications arising from the proposed amendments to the Constitution.

Kathy Wilcox, Head of Corporate Finance, kathy.wilcox@oxfordshire.gov.uk

Legal Implications

14. The recommendations in this report are consistent with the Council's duty under Section 9P of the Local Government Act 2000 to have a Constitution and keep it up to date. The Constitution must contain (a) a copy of the authority's standing orders for the time being, (b) a copy of the authority's code of conduct (if any) for the time being under section 28 of the Localism Act 2011 and (c) such information as the Secretary of State may direct, and (d) such other information (if any) as the authority considers appropriate. 10.
15. The Council's Constitution complies with The Local Government Act 2000 (Constitutions)(England) Direction 2000 issued on 12 December 2000 by the then Secretary of State for the Environment, Transport and the Regions. Part 1.2 of the Council's Constitution at 2(a) confirms that adopting and changing the Constitution is reserved to approval by the Council

Comments checked by: Anita Bradley, Director of Law & Governance and Monitoring Officer, anita.bradley@oxfordshire.gov.uk

Staff Implications

16. There are no staffing implications arising from this report.

Equality & Inclusion Implications

17. There are no equality or inclusion implications arising from the report.

Risk Management

18. The capital programme will continue to be managed as part of a clear governance process with full transparency through the Strategic Capital & Commercial Board or Cabinet, as relevant.

Lorna Baxter, Executive Director of Resources and Section 151 Officer

Annex: Annex 1 – Financial Regulations with proposed changes

Background papers: N/a

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