

Extract from the draft minutes of the Governance and Audit Committee meeting of 22 June 2021

260. Financial Regulations 2022-23

Paul Cook, Head of Finance, attended the meeting to present the report and assist the Committee with its' enquiries. The Committee heard that it had been some time since the Financial Regulations had been updated, and it was good practice to carry out a review of the Regulations as part of the budget process. It was proposed that changes were to be made to the Financial Regulations in good time in order that these changes may be approved by Full Council in preparation of setting the budget for 2022-2023. The Committee heard that the main changes being proposed took account of changes in the post designations of Colchester Borough Council (The Council), and also referred to activities that the Council used to carry out, but which were now carried out by the Amphora Companies. The Committee were advised that the current Regulations did not correctly set out the Council's budget process because the Council adopted an integrated budget approach, based on strategic objectives rather than individual Portfolio Holder budget proposals. The revised Regulations took account of the fact that the Governance and Audit Committee would now be receiving reports on revenue, capital and treasury items instead of sharing this responsibility with the Scrutiny Panel, although the Committee was reminded that Scrutiny Panel was still entitled to look into any aspect of those matters. The opportunity had been taken to provide a clearer process on capital expenditure to put more emphasis on a good business case for every capital project, together with the management of this throughout the year. The Committee were advised that the final area of proposed change was in relation to budget transfers, where it was proposed to substantially increase the level of decision making for Portfolio Holders and Directors as it had been some time since the limits had been revised. Following research, it had been determined that the vast majority of budget transfers were termed as technical transfers, carried out by the Head of Finance, for example allocating pay awards or setting up a new costs centre for external grant funding, while use of transfer facilities by Portfolio Holders or Directors was very infrequent. For this reason, Paul Cook confirmed that he would be happy to keep the limits as they had been set out in the 2017 Regulations, or raise the limits to double their current amounts to take account of the passage of time.

Councillor Willetts confirmed that he was happy with the general revisions that had been proposed, but had raised a question around the changes suggested in relation to budget transfers.

Councillor Fox confirmed that he felt assurance on the issue of budget transfers, having learned that the majority of such transfers were technical adjustments carried out by Officers, and he suggested that the Committee need not feel concerned about budget transfers being carried out without Member approval. He sought assurance

that future reviews of the Financial Regulations would be referred to the Governance and Audit Committee to ensure future oversight, on an annual basis in the future.

Councillor Bentley confirmed that he had no issue with budget transfers, provided these were carried out with the knowledge and approval of the Portfolio Holder for Resources. He added his support for the suggestion from Councillor Fox that the Regulations be reviewed annually by the Committee.

Councillor King also confirmed that he felt that there should be no concern around the amendments proposed in relation to budget transfers, feeling that the proposals added to the effectiveness of work and the transparency of operation of the Council. He added his support to the request that the Regulations be reviewed by this Committee on an annual basis, and this suggestion was further supported by Councillor Nissen.

By way of response, Paul Cook confirmed that he would welcome an annual review of the Regulations, and suggested that the current period in the municipal year was the correct time to do this.

RESOLVED that:-

(a) the Financial Regulations 2022 be approved,

(b) the Financial Regulations be reviewed an annual basis by the Governance and Audit Committee.

RECOMMENDED TO COUNCIL that the Financial Regulations 2022-3 be adopted.