

Report No. TC02118 Appendix: J Agenda Item: 14	Council 14 th March 2018
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OAKHAM TOWN COUNCIL

Report Author: Finance Working Group	Title Councillors
Subject: Revision to Financial Regulations	
Applicable Strategy: To ensure robust and workable financial controls are in place to enable the delivery of cost effective services as required now and in the future	

Background

During 2016 Council resolved to increase the Clerk's operational management authority for expenditure to £5,000.00. This was based on Councillors having collective Strategic management responsibility which includes monitoring the operational management of the Clerk's office. It allowed the Clerk to make limited operational management decisions to help ensure effect delivery of services. This was included in Financial Regulations Section 4. The applicable paper was produced jointly by the Finance and Policies and Procedures working groups set up by Council in accordance with Standing Orders. It is normal practice for Working Groups to make recommendations to Council regarding areas of Council business within their remit.

In December 2017 a paper that was not produced by the Finance Working Group, was presented to and resolved by Council.

Misleading information was provided in this paper. It stated 'the expenditure for emergencies pre 2016 was £500.00'.

Financial Regulations, approved and resolved April 2014 state:

4. BUDGETARY CONTROL AND AUTHORITY TO SPEND

- 4.1. Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget. This authority is to be determined by: the Council for all items over £5,000; a duly delegated committee of the Council for items over £2000; or For expenditures of £2,000 or less in value the Clerk, the duly authorised deputy or the committee, shall have executive power. Where expenditure is between £1,000 and £2,000 the Clerk is required to consult with at least two members, authorised by resolution of the Council. Such expenditure is to be notified to the Council as soon as possible.

ie, the Clerk had authority to spend up to £2000.00 and not limited to emergencies.

In January 2016 Council resolved to increase the sum in 4.1 (executive powers) to £5,000

Following the introduction of the amended regulations, and having monitored the operational impact, the Finance W.G. has reviewed the implications of this resolution:

Referring to revised Financial Regulations 4.1 and 4.5.

The Clerk now has executive financial powers in the case of extreme emergency in the delivery of Council services or people or property and subject to a limitation of £2000.00.

This is confusing as Council does not deliver people or property. Extreme risk has not been defined. An example of extreme risk could possibly be a tree that has fallen in Cutts Close. If this is deemed to be the case, the Clerk, applying due diligence, would now need to secure a quotation to remove the tree before raising a works order or raising a works order that is subject to work ceasing once a recharge fee of £2000.00 is reached until such time as Council resolves otherwise.

Other than for expenditure resolved by Council, and that pertaining to 'extreme risk' the Clerk is required to bring all other requests for expenditure to Council for approval. This is proving to be very bureaucratic and takes up much time during Council meetings.

The Clerk is the Council's appointed R.F.O and as such should have sufficient executive powers to allow her to carry out her duties to Council and manage the Clerk's office. This is operational management. Collectively, Councillors are responsible for strategic management and monitoring the Clerk's performance via the Staffing Committee. Safeguards are also provided by both the Internal and External Audit processes.

Proposal

Financial Regulation 4.1 reverts to that resolved in 2014 with the following amendments:

Remove a duly delegated Committee of the Council for sums over £2000.00 as no such Committee exists.

Change For expenditure of £2000.00 to £5,000.00

Financial Regulation 4.1 becomes:

Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget. This authority is to be determined by the Council for all items over £5,000. For expenditures of £5,000 or less in value the Clerk or the duly authorised deputy shall have executive power. Where expenditure is between £2,000 and £5,000 the Clerk is required to consult with at least two members of the Finance Working Group. Such expenditure is to be notified to the Council as soon as possible.