

Appendix 3: Financial Procedure Rules

1. The Financial Procedure Rules (FPRs) at Part 3F of the Constitution set out the structure through which the Council's financial affairs are managed. They detail the approval limits for financial transactions, the detailed responsibilities of the Director of Finance and Corporate Services and the framework in which financial systems, processes and requirements are applied.
2. The FPRs were reviewed and updated in 2014. The current proposed changes are clarifications or adjustments to the rules.
3. Those parts of the FPRs with proposed changes are set out below. The main points to note within the proposals are:
 - (a) The approval limits that apply to revenue and capital budget transfers are extended to explicitly include the use of reserves for a purpose other than that originally intended (FPR 2.2(b)).
 - (b) Approval of borrowing resourced capital schemes in line with the budget adjustment rules. Ultimately, the borrowing costs of such schemes, in the form of interest and principal repayments, are met from the revenue budget as annual charges. The business case for such schemes will set out how borrowing costs are to be met over time, for example from income, savings or existing budgets (FPR 2.2(b)).
- (a) The current FPRs require no specific approval prior to the Council submitting a bid for grant income (e.g. for government grant) although specific approvals are required before a grant income agreement is signed. To reflect the significance of bidding for grants, in terms of the potential requirements that fall on the Council (e.g. match funding, administrative responsibilities) as well as the potential impact of withdrawal of a bid prior to signing, it is proposed that grant bids will need to be approved by a Director and the Director of Finance & Corporate Services or nominee (FPR2.3 (a)).

PART 3F: FINANCIAL PROCEDURE RULES

1. Introduction

The Financial Procedure Rules provide the structure through which the Council's financial affairs are managed and are deemed part of the Coventry City Council's constitution. They set out the approval limits for financial transactions, the detailed responsibilities of the Director of Finance and Corporate Services and the framework in which financial systems, processes and requirements are applied.

2. Financial Responsibilities of the Council, Cabinet, Cabinet Members and Officers

2.1 The Council, Cabinet, Cabinet Members and Officers will exercise their financial responsibilities in accordance with the Constitution and the Scheme of Delegation. Thresholds for the approval of specific financial transactions are set out below:

2.2 Budget Approval and Amendment

(a) approval of the revenue budget, capital programme and treasury strategy: Council;

(b) revenue and capital budget adjustments, including the use of reserves for a purpose other than that originally intended and the approval of capital schemes funded from borrowing, but excluding Technical Adjustments:

- Up to £250,000 ~ joint approval by the relevant Service Director(s) and the Director of Finance and Corporate Services or nominees;
- Over £250,000 and up to £1,000,000 ~ relevant Cabinet Member(s)
- Over £1,000,000 and up to £1,500,000 ~ Cabinet
- Over £1,500,000 ~ Council.

~~(c) any proposed schemes which are unfunded require the approval of the full Council.~~

(c) Technical adjustments which have no overall impact on the City Council's "bottom line", and meet the following requirements:

- are internal transfers between different areas of the City Council;
- involve no cash transactions with third parties; and
- do not increase or decrease the budget over which a budget holder has spending discretion

Technical Adjustments can be approved by the Director of Finance and Corporate Services or nominee.

2.3

Grant Income

(a) Approval prior to submitting a grant bid: Joint approval by the relevant Deputy Chief Executive and the Director of Finance and Corporate Services or nominees, following consultation with the relevant Cabinet Member;

•—

(b) Approval prior to signature of grant agreement:

- Where a requirement of a successful bid is that it must be match funded by the Council, the approval of the relevant Cabinet Member to accept the grant must be obtained before signature, regardless of the amount of grant.
- Up to £500,000 ~ joint approval by the relevant Deputy Chief Executive[?] and the Director of Finance and Corporate Services or nominees;
- Over £500,000 and up to £2,500,000 ~ to Cabinet, if time permits; if no time to go to Cabinet, to relevant Cabinet Member (or the Leader in their absence) in consultation with the relevant Scrutiny Chair; if no time to go to Cabinet Member, to relevant Director in consultation with relevant Cabinet Member and Scrutiny Chair, to be reported to Cabinet retrospectively.
- Over £2,500,000 ~ Council.