

Extract from Audit and Standards Committee – 6 December 2021

AS21/37. **FINANCIAL PROCEDURE RULES UPDATE**

Members received the report of the Assistant Director Resources detailing updates to the Council Financial Procedure Rules (FPRs) to reflect changes made to the senior management team and to improve the operational efficiency of the Council and clarify any rules that were out of date or no longer applicable. Any changes to the Constitution currently were required to go to Council via the Overview and Scrutiny Committee (OSC). The revised FPRs would therefore be submitted to the OSC in the new year for ratification.

The most significant change that was proposed to the FPRs related to the approval and reporting arrangements for the writing out of the accounts (write off) of debts that cannot be or are unlikely to be collected, as shown in section Q. The thresholds for requesting Member approval to the write off were proposed to be increased significantly, which would reduce the reporting to Members and increase internal process efficiency. However, it was proposed that these increased thresholds were restricted to those circumstances where the Council effectively had no choice but to write off, e.g. in the event of liquidation of a company or a debt relief order is granted to the debtor. There was a requirement to report to Cabinet the total write offs made in a year under the various categories to ensure transparency. Members requested that further information be provided concerning the scale of higher-level debts that had been written off in the past, which the Chief Finance Officer (CFO) would provide by way of email after the meeting.

Rule G35 had also been updated to better reflect its original intention regarding the need to carry out a review by Members of the specifications for the Council's major service contracts, such as Waste Collection. As such, the value threshold had been increased to an annual cost of £500,000. It was also proposed to amend the process and that the initial review should be undertaken by Cabinet who would then pass to the Overview and Scrutiny Committee for their views and recommendations back to Cabinet. Members expressed concerns about an increase in the value threshold to £500,000 and agreed to recommend that this be amended to £250,000.

A new section, U, had been added to cover the responsibilities for officers when establishing a subsidiary company. This did not extend to the detailed requirements of the company, which would form part of their own internal governance arrangements. After some discussion, it was agreed by Members to recommend that the CFO discuss rewording rules U8 and U9 with the Chief Executive, as the dual roles of officers left them in an advisory capacity in these circumstances only.

As two Members of the Audit and Standards Committee were also Board Members of Alliance Homes (Rother) Ltd (AH), Members recommended and agreed that a report be brought to the next meeting of the Committee to consider setting up a sub-committee specifically for further scrutiny and monitoring of AH.

RECOMMENDED: That, subject to the concurrence of the Overview and Scrutiny Committee:

- 1) the revised Financial Procedure Rules set out at Appendix A be approved and adopted, subject to the value threshold for the Council's major service contracts being amended to £250,000 from a £500,000 limit in rule G35 and the Chief Finance Officer to discuss rewording rules U8 and U9 with the Chief Executive to reflect the dual roles of officers in these circumstances; and
- 2) the Chief Executive be granted delegated authority to make minor changes consequent to the finalisation of the Council staffing restructure;

AND

RESOLVED: That a report on the setting up of a sub-committee of the Audit and Standards Committee to scrutinise and monitor the work of Alliance Homes (Rother) Ltd be brought to the next meeting.

(Councillor J. Barnes declared a Personal Interest in this matter as Vice-Chairman and Company Executive Director for Alliance Homes (Rother) Ltd. and in accordance with the Members' Code of Conduct remained in the meeting during the consideration thereof).

(Councillor Thomas declared a Personal Interest in this matter as Company Executive Director for Alliance Homes (Rother) Ltd. and in accordance with the Members' Code of Conduct remained in the meeting during the consideration thereof).

(Audit and Standards Committee Agenda Item 12).