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**Agenda Item:** Financial Regulations

**Date:** Monday 9 June 2025.

**Contact Officer:** Responsible Financial Officer (RFO)

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### Background

The council has adopted Financial Regulations to regulate and control financial affairs and accounting procedures to assist compliance with the Accounts and Audit Regulations 2015 and to reflect the guidance and good practice detailed in the "[Practitioners' Guide](#) – governance and accountability for smaller authorities in England" (March 2025).

### Current Situation

The Council regularly reviews its Financial Regulations, the last review being in April 2023. The existing Financial Regulations may be viewed via [this link](#).

The Council's Financial Regulations are based on the latest model orders produced by the National Association of Local Councils. The 2019 model orders, which were a reference point at the last review, were subject to a major revision/ re-write in 2023.

The RFO has reviewed the 2024 model Financial Regulations (FRs) alongside the current Town Council Financial Regulations.

There are approximately 10,000 town and parish councils in England and Wales, ranging in expenditure of £100 to £5 million and so clearly the FRs need to be adapted to each Council due to the great variation in size and function. Therefore the 2024 model is enclosed for Members with initial proposed changes by the RFO tracked. Many of these changes are to reflect the additional Witney-specific detail in the current FR's. The opportunity has also been taken to make changes in some lines to reflect the working practices of a larger Council.

The new model Financial Regulations represent a major change compared with the existing ones and so they were presented in first draft to the meeting of this Committee which took place on 31 March 2025. Further work has taken place, and the Financial Regulations are now brought forward to Members for their detailed consideration.

### **Members should refer to the three appended documents:**

1. Appendix 1: The NALC Model Financial Regulations 2024.
2. Appendix 2: Proposed Witney Town Council Financial Regulations, tracked to show changes against the model regulations.
3. Appendix 3: Proposed Witney Town Council Financial Regulations, with changes from Appendix applied (without the tracking showing), for ease of reading.

### **Guidance from the National Association of Local Councils**

In considering the Financial Regulations NALC has published the following guidance notes. The guidance notes explain some main points and also draw attention to some of the parts of the FRs which require specific consideration by councils. For ease of reference they have been pasted into this report in italics so that there is no ambiguity regarding the source.

*This Model Financial Regulations template was produced by the National Association of Local Councils (NALC) in April 2024 for the purpose of its member councils and county associations. Every effort has been made to ensure that the contents of this document are correct at time of publication. NALC cannot accept responsibility for errors, omissions and changes to information subsequent to publication.*

*Notes to assist in the use of this template:*

- 1) *This document is a model for councils of all sizes to use to develop their own financial regulations, suitable for the size of the council and the activities it undertakes.*
- 2) *Bold text indicates legal requirements, which a council cannot change or suspend.*
- 3) *For the rest, each council needs to adapt the model to suit its size and structure. For example, some councils have both a clerk and RFO, possibly with several more staff, while others have a single employee as clerk/RFO. Some councils have committees, some have a high level of delegation and some make all decisions at full council meetings. Many now use online payment methods, but others still rely on cheques.*
- 4) *Curly brackets indicate words, sentences or sections that can be removed if not applicable, or amended to fit the council's circumstances. An example of this is the phrase {or duly delegated committee}, which can be deleted if there are no committees.*
- 5) *Specific areas that may need adapting:*
  - a) *In 1.5 – is the Clerk the RFO?*
  - b) *In 3.3 and 3.4, the words "Governance and Accountability" do not apply in Wales*
  - c) *In section 4, does the council have committees and how many years are forecast?*
  - d) *In 5.6, does the council issue an open invitation to tender, or invite specific firms?*
  - e) *In 5.9, are online prices acceptable evidence?*
  - f) *In 5.13, 5.15 and 5.17, does the council have committees?*
  - g) *In 5.16, will a councillor ever be instructed to place an order?*

- h) *In 5.20, is there a minimum level for official orders?*
- i) *Section 6 includes several alternatives to cover delegation to committees or to officers, approval of invoices individually or in batches, or for approval of regular contractual payments at the beginning of the year.*
- j) *Sections 7, 8 and 9 also includes several alternatives, including wording for where the clerk is a signatory. These are intended to allow a council's financial regulations to fit what they actually do, not to force any council to change what they do.*
- k) *Section 10 gives two alternatives, with or without petty cash.*
- l) *13.6 has alternatives for VAT-registered and unregistered councils – only use one.*
- m) *13.7 and 13.8 are removable if they don't apply to the council.*
- n) *Much of Section 16 can be deleted if not applicable.*
- o) *17.3, is the Clerk the RFO or will the RFO consult the Clerk?*
- 6) *Square brackets indicate where the council needs to specify who, or how much, or what the timescale is. For example [£500] might need to be £100, or [October] might need to be November, or [the council] might need to say the Policy and Resources Committee.*
  - a) *In 4.1 and 4.7, select the wording for England or Wales, based on your location.*
  - b) *In Section 4, the council needs to determine the timescale for its budget setting.*
- 7) *It is challenging to try to offer guidance on setting financial limits. A council spending £1,000 a year is unlikely to delegate authority to spend £500 to its proper officer, but one spending £5 million a year might regard £5,000 as a reasonable limit. Each council needs to determine its own limits, that help, rather than hinder, its operations.*
- 8) *Key limits to set:*
  - a) *In 5.6, at what limit will the council require a formal tender process to ensure fair competition, rather than just asking for quotes? If this is set too low, it may discourage suppliers. Many small councils might only use formal tenders once every few years.*
  - b) *In 5.8, at what limit will the council require fixed-price quotes rather than estimates?*
  - c) *In 5.9, at what level can smaller purchases be made without competition?*
  - d) *In 5.15, at what level can purchases be made under delegated authority (having complied with the rules about obtaining prices)?*
  - e) *In 5.18, how much can the clerk commit to spending in an emergency?*
  - f) *In 6.9, can payment of invoices (for purchases that have already been authorised) be authorised by an officer under delegated authority as a general principle, or only to avoid problems?*
  - g) *In Section 9, what are the limits for card payments?*
  - h) *In 16.5, what value of assets can be bought or disposed of, without seeking council approval?*

- 9) *The contents list is a table that extracts section headings from the document. It can be updated by clicking on the contents list, whereupon a tab saying “update table” appears at the top of the list.*
- 10) *Once this model has been tailored to fit the council’s needs, the resulting Financial Regulations (with the insertion of the council’s name at the top) should be adopted at a meeting of the full council. The date of adoption should be inserted below the Contents. Any subsequent proposal for amendment should also be made to the full council.*
- 11) *The council should keep abreast of developments in legislation that affect the local council sector and should review and update its Financial Regulations annually.*
- 12) *Please ensure that the latest approved version is published on the council’s website.*

## **Impact Assessments**

The Town Council has a duty to consider the effects of its decisions, functions and activities on equality, biodiversity, and crime & disorder. Consideration should also be given to effects on the environment, given the Council’s Climate Emergency declaration in 2019.

- a) Equality – no implications directly resulting from this report.
- b) Biodiversity - no implications directly resulting from this report.
- c) Crime & Disorder - no implications directly resulting from this report.
- d) Environment & Climate Emergency - no implications directly resulting from this report.

## **Risk**

In decision making Councillors should give consideration to any risks to the Council and any action it can take to limit or negate its liability.

Financial Regulations to regulate and control financial affairs and accounting procedures should assist compliance with the Accounts and Audit Regulations 2015 and to reflect the guidance and good practice detailed in the “[Practitioners’ Guide](#) – governance and accountability for smaller authorities in England” (March 2025). Therefore, their adoption is essential to help control risk.

## **Social Value**

Social value is the positive change the Council creates in the local community within which it operates. Robust financial management and control is a prerequisite of delivering social value. Financial Regulations assist in this regard.

## **Financial implications**

There are no financial implications arising directly from this report. However Financial Regulation which assist financial management and control are vital in the Council’s drive for value for money.

## **Environmental Impact**

Having declared a Climate Change Emergency at its Council meeting on 26 June 2019 Councillors should have due regard to the environmental impact of any decisions they make with regard to its facilities and services it operates.

Officers are continually assessing the environmental impact of services and assets to ensure where possible measures are taken to support the Council's climate declaration of carbon neutrality by 2028.

There are no direct environmental impacts arising from proposed changes to the regulations.

## **Risk**

In decision making Councillors should give consideration to any risks to the Council and any action it can take to limit or negate its liability.

Collectively Members are custodians of the public purse with most of the funding coming from the taxpayers of Witney. Robust Financial Regulations, in line with legislation, guidance and best practice is an essential part of the Council's internal control system.

## **Financial Implications**

There are no direct financial implications arising from this report.

## **Recommendations**

Members are invited:

1. To note the report.
2. To recommend to the Town Council that the Financial Regulations (as amended), are adopted at its meeting on 23 June 2025.
3. That the Financial Regulations be further reviewed by 30 June 2026.