

Agenda Item 8

For decision – Changes to Financial Regulations

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Summary

Financial Regulations are reviewed by Council annually at this meeting. It is proposed to make minor amendments shown in the tracked changes in [Appendix 8.1 on the website here](#) and three specific changes detailed below.

A specific change is proposed to one section of the Financial Regulations which reflects the Council's current working practices and increasing responsibilities:

1. 5.2 – amend the sentence to “The Council considers a prudent level of General Reserve to be £350,000.”

The current level of “£180,000” has not been changed since at least 2013. At that time, the phrase “no less than 3 months net revenue expenditure (£180k)” was used in the published Model Financial Regulations. Recent advice has suggested ‘six months running costs’ is best practice which for FTC would be in excess of £700k. We are proposing a more achievable £350k.

Item 5.2 states “a prudent level of General Reserve...” which does not mean we are *restricted* from using those funds, just that it would be ‘prudent’ to hold that sum in reserve in case of an emergency.

2. 11. Rename this section instead of People's Budget to ‘Grants from Frome Town Council’ and increase the amount of grants able to be “decided by the Town Clerk in consultation with the Mayor and noted by the Oversight Committee” from £300 to £500.
3. Financial Regulations Appendix 1 – Ethical Decision Matrix – replace the word ‘negative’ with ‘positive’ throughout for an overall more positive approach to procurement. It is intended to review this matrix as soon as we have capacity.

These changes and the minor amendments appear in track change format in [Appendix 8.1 which can be viewed on the website here.](#)

Recommendation

Approve the proposed changes to the Financial Regulations 2024.