

DECISION NOTICE

Subject	<p>Implement the amended Contract Standing Orders and amended Financial Regulations (included in appendix to this decision notice) in January 2021. A decision is being taken now to allow training to commence in time for when the new Standing Orders become effective in January 2021.</p>
Status of Decision	<p>Decision by the City Solicitor under Article 14.20.5 of the Constitution. Article 14.20.5 allows the City Solicitor to take decisions in relation to any of the Council's functions in cases of emergency.</p>
Decision Maker	<p>Parveen Akhtar, City Solicitor</p>
Material Considered as part of the Decision-making process	<p>Article 4.4.1 of the Constitution set out that the Council alone may adopt or amend the Constitution. Article 14.20.5 allows the City Solicitor to take decisions in relation to any of the Council's functions in cases of emergency.</p> <p>With the onset of Covid-19, physical meetings of the Council have had to be cancelled. On 26 March 2020 the Health Protection (Coronavirus, Restrictions) (England) Regulations 2020 came into force which, amongst other matters, prohibited anyone leaving the place where they live without reasonable excuse.</p> <p>In these exceptional circumstances, the City Solicitor has made a decision under Article 14.20.5 of the Constitution to implement the amended Contract Standing Orders and amended Financial Regulations in January 2021 in the appendix to this decision notice. These were approved by the Governance and Audit Committee on 20th August 2020. A decision is being taken now to allow training to commence in time for when the new Standing Orders become effective in January 2021.</p> <p>Appended to this decision notice are:</p> <ol style="list-style-type: none"> 1. Amended Financial Regulations 2. Amended Contract Standing Orders 2020/21 3. Report of the Strategic Director Corporate Resources to the meeting of the Governance and Audit Committee to be held on the 20th of August 2020. 4. Resolution of the Governance and Audit Committee 20th August 2020. <p>These amendments are necessary to ensure that the Financial Regulations and Contract Standing Orders properly reflect appropriate governance procedures for the Council and were recommended following their 2019/20 annual review. The amendments will improve the Council's finance and procurement related processes and provide rules to limit risk to the Council.</p>

	Normally, full Council approval would be required for this decision, but this is not possible at the present time due to the COVID-19 outbreak. When it is possible this decision will be referred to full Council for ratification.
Decision	To implement the amended Contract Standing Orders and amended Financial Regulations in the appendix to this decision notice in January 2021. A decision is being taken now to allow training to commence in time for when the new Standing Orders become effective in January 2021.
Brief Summary of Rationale for Decision	As above.
Key Features and Risk Analysis	These amendments are necessary to ensure that the Financial Regulations and Contract Standing Orders properly reflect appropriate governance procedures for the Council
Alternative Options	Not applicable.

Signed



Parveen Akhtar, City Solicitor

Dated 2nd November 2020

Appendix 1

PART 3F Financial Regulations

GENERAL

1. Application

- 1.1 These Financial Regulations are made in accordance with the provisions of section 151 of the Local Government Act 1972 and the Accounts and Audit Regulations 2015 and subsequent amendments to provide for the proper administration of the Council's financial affairs. The Director of Finance (Chief Financial Officer/S151 Officer) has overall responsibility for this administration. More detailed guidance is contained in Financial Advice Notes and other procedures issued by the Chief Financial Officer.
- 1.2 In these Financial Regulations "Appropriate Officer" means the Chief Executive, Strategic Directors, Directors, City Solicitor, the Chief Financial Officer (S151 Officer) or any other officer designated by resolution of the Executive.
- 1.3 In these Financial Regulations "Appropriate Member" for the purposes of paragraph 16.4.2, means the portfolio holder for the service area required to comply with the Financial Regulations and the Ward members where the proposed expenditure has implications for a specific Ward.
- 1.4 These Regulations state the principles of financial control and administration, which must be followed by all officers of the Council. Failure to comply with these Financial Regulations may result in disciplinary action against the officer(s) concerned. Appropriate Officers must certify annually their compliance with internal controls.
- 1.5 In applying these Financial Regulations, all officers shall have regard to the duty of Best Value under the Local Government Act 1999.
- 1.6 Annually, the Chief Financial Officer will review these Financial Regulations and report any proposed alterations to the Governance and Audit Committee for consideration. The report will then be presented to Council for approval as part of the annual review of the Constitution.
- 1.7 The Chief Financial Officer may allow specific exceptions to these Financial Regulations where in their opinion it is in the Council's interest. The Chief Financial Officer must keep a record of these exceptions and report these to the Governance and Audit Committee on an annual basis.
- 1.8 The Chief Financial Officer can alter the financial limits in these regulations because of changes in the value of money. The Chief Financial Officer must report any alterations to the next meeting of the Governance and Audit Committee.
- 1.9 All amounts quoted in these Financial Regulations refer to values excluding Value Added Tax.
- 1.10 In applying these Financial Regulations, all officers shall comply with the Budget* and Policy Framework Procedure Rules set out in Part 3C of the Constitution and implement the specific further requirements and best practice advice provided by the Chief Financial Officer. The budget is approved by full Council in February and may be subsequently varied during the year by full Council

FINANCIAL CONTROLS AND PROCEDURES

2. Accounting and Financial Systems

2.1 The Chief Financial Officer is responsible for approving and controlling the Council wide accounting and financial systems. Appropriate Officers must comply with these accounting and financial systems.

3. Audit Arrangements

3.1 The Chief Financial Officer must monitor, review and report on:

3.1.1 The soundness and adequacy of financial management control systems and how they are implemented.

3.1.2 How far established policies, plans and procedures are complied with and the financial effect.

3.1.3 How far assets, resources and interests are accounted for and safeguarded from losses due to fraudulent offences, waste, extravagance and inefficiency.

3.1.4 The effectiveness of risk management, control and governance processes taking into account public sector internal audit standards and guidance.

3.2 The Chief Financial Officer or their designated officer

a) can visit all premises to see cash, stores and other property,

b) has right of access to any documents and all other data sources considered necessary and

c) can ask any officer for any information and explanations considered necessary and may produce a report.

The officer concerned must provide promptly and has no more than two months to respond detailing the intended action to be taken on the report's recommendations. The Officers are responsible for appropriate procedures being in place to ensure that action has been implemented. The Chief Financial Officer must take to the and Audit Committee the Annual Internal Audit Plan, the Annual Internal Audit and any other report relevant to Internal Audit. The Chief Financial Officer must the Governance and Audit Committee every year about any responses to reports, still outstanding.

3.3 If any officer suspects or knows of any losses or irregularities concerning cash, property, stores or other financial matters they must inform the Corporate Fraud Unit at once and discuss action to take. The Chief Financial Officer must report serious losses and irregularities to the Governance and Audit Committee.

4. Statement of Accounts

4.1 Each year the Chief Financial Officer must produce to the Executive an outturn report for the previous financial year showing income and expenditure on both capital and revenue account compared against estimates.

4.2 Each year the Chief Financial Officer must produce the Council's Statement of Accounts (which shall include the Annual Governance Statement) and submit them to the Governance and Audit Committee

5. Payments to Staff

5.1 Appropriate Officers are responsible for arrangements for paying employees in accordance with rules issued and systems established by the Chief Financial Officer. Payments to workers must comply with IR35 Regulations.

5.2 The Appropriate Officer is responsible for the accuracy of all information passed to the Strategic Director Corporate Resources that is used for making payments to staff and

the Strategic Director Corporate Resources is responsible for the accuracy of payments made in accordance with information received.

- 5.3 Appropriate Officers or their nominees should maintain an up to date signatory list of all officers approved by them to manually authorise all payroll and related documents.
- 5.4 Appropriate Officers or their nominees should authorise staff who can have Chief Position status on MSS. Only staff with Chief Position status can authorise electronic payroll and related documents including starters and leavers for their staff.

6. Banking Arrangements

- 6.1 The Chief Financial Officer controls the Council's bank and giro accounts and is responsible for all procedures.
- 6.2 All cheques, giros, promissory notes and any other financial instruments and other orders for payment can be signed only by the Chief Financial Officer or other officers authorised by the Chief Financial Officer.

7. Borrowing and Credit Arrangements

- 7.1 The Strategic Director Corporate Resources and Chief Financial Officer exclusively can negotiate loans to the Council.
- 7.2 Appropriate Officers must consult the Chief Financial Officer before entering into any property lease, finance lease or other contract for the use of an asset, which may be deemed a credit arrangement and controlled under Sections 7 and 8 of the Local Government Act 2003.

8. Strategic Investments

- 8.1 The Investment Advisory Group (IAG) will make investment recommendations to the Strategic Director Corporate Resources and oversee a strategy for generating income from investment in other assets, taking into account sources of funds, objectives/purpose, scope of investment (geography, sector, exclusions), risk appetite, duration, return requirements and the economic and regulatory environment.
- 8.2 The Strategic Director Corporate Resources and Chief Financial Officer exclusively can make investments. They must put them under the name of the Council and/or the appropriate Trust Fund. Investments can include loans made, to for profit and not for profit organisations providing the purpose of the loan is consistent with the Council's priorities and advice relating to State Aid has been obtained.

9. Treasury Management

- 9.1 The Treasury Management function shall be carried out by the Chief Financial Officer in accordance with the Code of Practice on Treasury Management in the Public Service produced by CIPFA and in accordance with the Treasury Management Policy Statement and Treasury Management Practices/Schedules approved by the Governance and Audit Committee.
- 9.2 All Council money (excluding cash controlled by schools under delegated budgets) shall be under the control of the Chief Financial Officer.
- 9.3 All operational decisions on borrowing, investment or financing (except for schools under delegated budgets) shall be made by the Chief Financial Officer or officers

nominated under the Scheme of Delegation contained in the Treasury Management Practices/Schedules.

9.4 Each year the Chief Financial Officer shall present to Governance and Audit Committee the following reports on Treasury:

9.4.1 A Treasury Management Policy Statement, Minimum Revenue Provision Strategy and Annual Investment Strategy

9.4.2 An Annual Treasury Management report

9.4.3 and a Mid Year Treasury update report.

All above reports subsequently will be presented to full Council.

10. Value Added Tax

10.1 Appropriate Officers must fully consider and take into account the VAT implications of all policy decisions.

10.2 Where a capital project is proposed which involves expenditure in any of the VAT exempt activity areas Appropriate Officers must:

10.2.1 Ensure that the VAT implications are taken into account during the planning stage.

10.2.2 Liaise with the Chief Financial Officer on any capital proposals which may have exempt implications; and

10.2.3 Ensure that any report to members states that the VAT exempt implications have been considered within the financial implications section of the report.

10.3 Any proposal to change the method by which a service is provided should be notified to the Chief Financial Officer.

11. Partnerships, Joint Ventures and Companies in which the Council is a Guarantor or has a Share Holding Interest

11.1 Where it is proposed that the Council be involved in a partnership arrangement or a joint venture or where the Council is to be a guarantor of a company limited by guarantee or a shareholder of a company, the Appropriate Officer shall first consult with the Chief Financial Officer and City Solicitor on the proposals, and shall agree arrangements to provide for the effective monitoring and governance in each case of the arrangement, Joint Venture or company operation.

11.2 All proposals for the transfer of in house services to an external provider must be considered by the Alternative Delivery Model Steering Group, chaired by the Chief Financial Officer, to ensure adequate safeguards are in place.

11.3 This Regulation does not apply to investments under Regulation 8 or pension fund investments under Regulation 33.

PROCUREMENT OF GOODS, WORKS AND SERVICES

12. Contract Standing Orders

12.1 Any officer of the Council who is either responsible for, or undertakes, procurement of goods, works and services on behalf of the Council, or behalf of any other body for whom the Council acts, must follow the Council's Contract Standing Orders.

EXPENDITURE REQUIREMENTS

13 Expenditure Limits

13.1 Appropriate Officers may spend up to the total budgeted resources for their services in the most efficient and cost effective manner and deploy those resources flexibly in order

to meet the Council's strategic objectives and policies for those services and secure value for money as approved in the Council's budget and policy framework, provided that:

13.1.1 Budget for capital charges and/or statutory charges may not be vired for other purposes.

13.1.2 Portfolio holders are consulted before the Appropriate Officer transfers resources under their delegated control but between Portfolio Holders' remits.

13.1.3 Requests for virement of revenue over £100,000 from the control of one Appropriate Officer to another are to be approved by Council unless agreed by all three leaders of the three largest political groups represented on the Council.

13.2 Where a request for virement of revenue over £100,000 is approved in accordance with Standing Order 13.1.3 above the officer seeking approval will notify all elected members of Council of that approval within 5 working days.

13.3 The Chief Financial Officer will report all approvals given under Standing Order 13.1.3 to the Executive, as part of the Quarterly Financial Report.

13.4 Appropriate Officers are responsible for all expenditure incurred.

13.5 Appropriate Officers may make variations within their total budget but where any such variations will have a financial impact on another Council department they must consult with the department concerned.

13.6 Appropriate Officers shall not incur expenditure beyond the total budgeted provision, nor make commitments or variations in staffing levels, which would lead to increases in expenditure in future years beyond approved limits. Appropriate Officers must inform the Chief Financial Officer immediately if it appears to them that the total expenditure incurred by their services (including expenditure they propose to incur) is likely to exceed the approved budget.

14. Better Use of Budget

14.1 In order for Appropriate Officers to manage their budgets more effectively, they may, with the written approval of the Chief Financial Officer:

14.1.1 Underspend their allocation and carry the balance forward to the following year, or,

14.1.2 Overspend their allocation and deduct the amount overspent from the following year's budget, provided that by carrying a balance forward this would not create an overspending in the following year.

14.2 Any action taken under paragraph 14.1.1 or 14.1.2 above must be agreed with the Chief Financial Officer.

15. Procure to Pay and Miscellaneous Payments

15.1 Appropriate Officers, or their nominees, are responsible for authorising purchases or making miscellaneous payments. Officers should ensure that the expenditure is necessary and appropriate and that there is a budget on the correct financial code to cover such expenditure, before giving approval.

15.2 The Miscellaneous Payments process enables payments to be made which are not the result of a purchase, for example a refund, grant payment or third party payment.

Miscellaneous Payments must not be used to pay suppliers (for goods, services or works; this includes professional fees/services, particularly to consultants or training providers). It must also not be used to reimburse employee expenses or petty cash purchases.

15.3 The CHAPS, Immediate, Next Day or Future Dated Payments process must not be used to pay suppliers for goods, services or works other than in exceptional circumstances where an invoice is provided and the use of CHAPS is authorised by the Chief Financial

Officer.

15.4 Appropriate Officers should ensure that staff are properly trained to follow the procure to pay process, use an approved feeder system and to use SAP Procure to Pay.

15.5 Appropriate Officers should review and document staff access to the SAP Procure to Pay system and any approved feeder system at least on an annual basis to ensure it is up to date and appropriate.

CAPITAL EXPENDITURE

16. Expenditure Arrangements

16.1 Appropriate Officers shall ensure that the potential effects of capital expenditure on the Council's VAT position are properly considered in accordance with Regulation 10.

16.2 All capital investment proposals must be supported by a business case. The business case for a proposal, fully funded by a revenue budget or capital grant, must demonstrate that it fits within the overall Capital Programme and maximises grant funding.

16.3 Capital Investment proposals not fully funded by a revenue budget or capital grant, must be supported by a business case approved by both the Project Appraisal Group and the Portfolio Holder. These proposals must be evaluated in terms of value for money risk, deliverability and fit within the overall Capital Investment. Only proposals with approved business cases can be included in the Capital Investment Plan.

16.4 Appropriate Officers shall ensure that every scheme involving capital expenditure is approved for inclusion in the Capital Investment Plan before any commitment is made, and in this respect:

16.4.1 Schemes to be financed from an approved revenue budget or to be fully financed from capital grant may be approved by the Chief Financial Officer, and

16.4.2 All schemes other than those approved by the Chief Financial Officer in accordance with 16.3.1 must be agreed by the Project Appraisal group before submission to the Executive for approval.

16.5 Appropriate Officers shall ensure that:

16.5.1 The scheme is designed in the Capital Investment in consultation with the approved costs in the Capital Investment Plan (which will be shown at outturn prices) in consultation with the Chief Financial Officer where appropriate.

16.5.2 Appropriate Members are consulted on plans and detailed estimates for schemes over £75,000.

16.5.3 Where appropriate, Government or any other sources of external funding approvals has been received,

16.5.4 The tender to be accepted does not exceed the technical officer's estimate of the tender price (as reflected in the Capital Investment Plan) by more than:

16.5.4.1 10% or £100,000, whichever is the lesser, for schemes costing over £17,5000

16.5.4.2 15% or £7,500, whichever is the lesser for schemes costing £75,000 and below.

16.6 Appropriate Officers shall ensure compliance with all current policies on capital expenditure including the requirement to refer schemes (excluding schemes that are entirely funded by external grants) to the Executive immediately prior to entering into any completely new commitments. In addition, Appropriate Officers shall be responsible for keeping both the appropriate Portfolio Holder and the Chief Financial Officer advised of schemes; and shall ensure that the resultant revenue consequences of a capital scheme can be financed within their approved revenue budget.

17 Monitoring the Capital Investment Plan

17.1 Each Appropriate Officer must ensure that annual spending on capital schemes does not exceed the approved cost.

17.2 Once a scheme has started, an Appropriate Officer must report to the Executive at the point at which it becomes apparent that the cost of a capital scheme will exceed the approved figure in the Capital Investment Plan by more than the amounts referred to in 16.4.4.1 and 16.4.4.2.

17.3 Additional works to an approved scheme beyond the original scheme proposals exceeding the approved figure in the Capital Investment Plan may only be authorised by the Executive.

17.4 Where the approved cost of schemes is reliant on funding from specific resources such as supplementary credit approvals and grants, Appropriate Officers must secure the funding before entering into commitments.

17.5 Capital expenditure and funding form part of the financial monitoring reports prepared for the Executive, which must include the benefits of investment. Each Appropriate Officer will monitor capital spending and resources and provide information in accordance with the timetable and guidelines issued by the Chief Financial Officer.

INCOME REQUIREMENTS

18 Income Arrangements

18.1 When the authority provides goods or discretionary services to bodies or individuals external to the Council, Appropriate Officers must ensure:

18.1.1 A sound business case is established

18.1.2 The Council has legal authority to carry out the service

18.1.3 All relevant financial, employment and legal aspects have been properly considered and

18.1.4 The Council is not exposed to unreasonable or disproportionate financial or other risk

18.2 Appropriate Officers are responsible for arrangements for the collection, receipt, recording, banking and safe-keeping of all Council income in accordance with rules issued by the Chief Financial Officer.

18.3 Appropriate Officers are responsible for all arrangements for credit facilities and accounting for doubtful debts in accordance with rules issued by the Chief Financial Officer. The Council's Accounts Receivable System must be used for the recording and collection of credit income due and the recovery of all outstanding debt unless other arrangements have been agreed with the Chief Financial Officer. Arrangements whereby customers self-bill should not be entered into unless expressly agreed, in advance, in writing by the Chief Financial Officer.

18.4 All contracts where the Council agrees to provide a service for a fee must be in writing and state the services to be provided, the price to be paid, the payment agreement and the time within which the contract is to be performed.

18.5 Credit notes must only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt and once it is confirmed that the debt is not payable. Credit notes must be approved by the relevant Appropriate Officer or their nominated Senior Officers before they are raised.

18.6 The Chief Financial Officer must approve the writing-off of debts and other losses except where they have specified the level of small value debts below £100 for which Appropriate Officers can give approval. The Chief Financial Officer may also delegate senior officers within Department of Corporate Resources to approve write-offs.

18.7 As an Appropriate Officer, the Director – West Yorkshire Pension Fund (WYPF) must approve the writing-off of debts and other losses relating to WYPF debts only. The Director – West Yorkshire Pension Fund (WYPF) may also delegate senior officers within WYPF to approve WYPF debt writeoffs in accordance with the WYPF documented procedures.

19 Prevention of Money Laundering

19.1 In accordance with the Money Laundering Regulations 2007, the Council will not accept cash payments in excess of €10,000. For practical purposes, this limit is set at £8,400 subject to Financial Regulation 1.8.

19.2 All officers must adhere to guidance issued by the Chief Financial Officer on compliance with Money Laundering Regulations.

20 Review of Fees, Charges and Concessions

20.1 The introduction of any fee, charge or concession, or removal of any subsidy must be approved by the Executive unless it is required by legislation or is in

20.2 The Appropriate Officer must review fees charges and concessions annually; including circumstances where there is a legal power to charge but no charge is currently applied.

20.3 The annual review must have regard to relevant policies and strategies, cost of service and budget implications and inflation. In particular, where there is a requirement for a service to break even or to generate a surplus, the review must have regard to this requirement.

20.4 Appropriate Officers may vary fees charges and concessions in line with inflation forecasts stated by the Chief Financial Officer.

20.5 Proposed variations to fees, charges and concessions other than in line with inflation forecasts must be referred to the Executive, except that minor variations may be made by the Appropriate Officer after consultation with the appropriate Executive portfolio holder subject to any budgetary consequences being managed within existing service revenue budgets.

21 Grant Applications and Claims

21.1 Appropriate Officers are responsible for arrangements for the submission of grant applications to outside agencies, the certification of claims and the proper management of monies received in accordance with the Corporate Standard 3.

21.2 The Chief Financial Officer must be informed of all grant applications in excess of £100,000 at the time of application, and the result of all such grant applications as soon as this is known.

MANAGEMENT OF ASSETS

22 Asset Register

22.1 The Chief Financial Officer will keep the asset register of the Council and will issue procedures for its maintenance and valuation.

22.2 Appropriate Officers must ensure that all assets, which are used by or are the responsibility of their services, are recorded in accordance with rules laid down by the Chief Financial Officer. Appropriate Officers must supply such information to the Chief Financial Officer as requested from time to time.

23 Keeping Inventories and Stock Control

23.1 Appropriate Officers must keep inventories of equipment, plant and machinery in accordance with rules issued by the Chief Financial Officer. Inventories must be regularly reviewed and all items physically checked at least annually.

23.2 Stock held for re-sale must be valued at the lower of cost or net realisable value. Where valuation on this basis would result in a reduction in the overall carrying value of the range of stock held at a particular establishment of more than 10%, the Chief Financial Officer must be consulted as to the appropriateness of the valuation. Any stock losses should be dealt with under Financial Regulation 3.3.

24 Property Marking

24.1 Wherever possible, all portable and/or attractive equipment, plant and machinery that belong to the Council must be visibly and permanently marked to show that it is the property of Bradford Council. In the case of new equipment, the Appropriate Officer must first check to ensure that marking will not invalidate the warranty. Leased items will be marked as such where marking is acceptable to the Lessor.

25 Control of Assets

25.1 Appropriate Officers are responsible for the safekeeping and proper use of all Council assets and other resources under their control.

26 Private Property

26.1 When an Appropriate Officer has to look after private property, they must make a complete inventory of the property under their custody and make arrangement for its safekeeping.

27 Private Funds

27.1 Appropriate Officers must ensure that when an employee because of their job has to look after money that does not belong to the Council they must keep it separate from the Council's money and make arrangements for its recording and safekeeping.

27.2 A private fund can only be set up with the approval of an Appropriate Officer.

27.3 Private funds must be audited every year by two independent individuals or one CCAB qualified accountant. Copies of the audited accounts must be sent to the Appropriate Officer.

27.4 The Chief Financial Officer can see all records and vouchers for private funds. The Chief Financial Officer must be told of any funds, which do not comply with all these requirements.

28 Land and Property

28.1 Appropriate Officers must consult with the Strategic Director Corporate Resources before acquiring land or property by whatever means (including purchase, sale, lease, tenancy, licence or option). The Strategic Director Corporate Resources shall ensure compliance with all relevant current legislation, policies and protocols.

28.2 Appropriate Officers must consult with the Strategic Director Corporate Resources before disposing of land or property by whatever means. All disposals of Council land or property must be carried out in accordance with the Land and Property Disposal Policy

and, if appropriate, the Community Assets Transfer Policy.

28.3 The Strategic Director Corporate Resources shall be consulted on and will approve all asset disposals before contract exchange.

29 Disposal of Other Assets

29.1 When disposing of any other asset, Appropriate Officers must ensure the Council's Financial Advice Note on Disposal of Assets is followed.

INFORMATION MANAGEMENT

30 Computer and Information Management

30.1 Appropriate Officers shall make adequate arrangements for the protection, identification, security, recording and proper use of all:

30.1.1 Computer hardware/software and associated technologies owned by or accessible to the Council.

30.1.2 Council information systems, manual and electronic, including the control of access to premises where information is processed.

30.2 Appropriate Officers shall have regard to the provisions of the British Standard Code of Practice for Information Security Management ISO/IEC 27001 and PCI-DSS or any replacement thereof for the time being in force when considering the protection and security of personal, financial, sensitive and confidential information.

30.3 All officers must comply with the Council's Information Security Policy and guidelines relating to the use of computer hardware, software, related technologies, E-mail and the Internet. All Officers must undertake Information Governance training annually.

INSURANCE ARRANGEMENTS

31 Insurance Cover

31.1 The Chief Financial Officer will arrange all insurance cover and keep a record of details.

31.2 Appropriate Officers must immediately tell the Chief Financial Officer about:

31.2.1 New risks to be insured.

31.2.2 Alterations to existing insurance cover required.

31.2.3 Insured Assets, which have been disposed of.

31.3 Each year Appropriate Officers must check that insurance cover is adequate.

32 Insurance Claims

32.1 Appropriate Officers must immediately notify the Chief Financial Officer once aware of any loss, liability or damage, which may involve a claim. The Chief Financial Officer will negotiate and/or arrange settlement in accordance with any insurance arrangements made.

WEST YORKSHIRE PENSION FUND

33 Pension Arrangements

33.1 City of Bradford Metropolitan District Council, as administering authority for West Yorkshire Pension Fund (WYPF), has delegated legal and strategic responsibility for WYPF

to the Governance and Audit Committee. The Council has established three bodies to assist and support the Governance and Audit Committee in overseeing the Fund, namely the WYPF Pension Board, WYPF Investment Advisory Panel and the WYPF Joint Advisory Group. Under the Council's Financial Regulations, the Director – West Yorkshire Pension Fund has day-to-day responsibility for the management of the Fund. The Chief Financial Officer at Bradford Council, as the Council's Section 151 Officer, has responsibility for signing the Fund's year-end accounts. A copy of WYPF Governance Compliance Statement can be found on WYPF website.

PUBLIC ACCOUNTABILITY REQUIREMENTS

34 Rules for Officers

34.1 An officer of the Council must not, in connection with their office of employment, accept any fee or reward whatsoever other than their proper remuneration.

34.2 An officer must not receive or give or offer any gift or bribe or personal inducements in connection with the Council's business.

34.3 An officer must not use Council property, assets or materials for other than the purposes of the Council. Permission of the Appropriate Officer must be sought for use of Council property, assets and materials for other purposes and such permission may only be given if it can be shown that such use is in the Council's interests.

34.4 An officer must not subordinate their duty to the Council to their private interests or put themselves in a position where their duty and private interests conflict.

34.5 If any officer suspects or knows of any financial loss or irregularity, they must inform the Corporate Fraud Unit immediately.

34.6 An officer must comply with the Employee Code of Conduct.

PART 3G

Contract Standing Orders 2020/21

Definitions

- ‘Appropriate Officer’ is the Chief Executive, Strategic Directors, Director, City Solicitor, the Chief Financial Officer (S151 Officer) or any other Officer designated by resolution of the Executive.
- ‘Authorised Officer’ is any Officer permitted by an Appropriate Officer to authorise orders and Contracts as per clause 2.5.
- ‘Best Value for Money’ is the optimum combination of whole life costs, quality and benefits, including economic, environmental and social value to meet the customer’s requirement.
- ‘Bradford District’ is the geographical area administered by the Council.
- ‘Call Off’ is a separate purchase from an existing Framework Agreement that creates a binding Contract.
- ‘Concession Contract’ means Contracts for pecuniary interest, where the consideration is either; that the Supplier has the right to exploit the works / services that are the subject of the Contract, or where the Supplier has that right together with some payment from the Contracting Authority.
- ‘Contract’ means a formal agreement between the Council and any Supplier for:
 - o the supply of works, goods or services including consultants
 - o a call-off from a framework agreement
 - o an arrangement where no payment is made but there is financial value to the Supplier e.g. a catering concessionFor the purposes of these Contracts Standing Orders this definition does not include employment and property Contracts or grant agreements.
- ‘Contracting Authorities’ mean the State, regional or local authorities, bodies governed by public law, associations formed by one or several of such authorities or on or several of such bodies governed by public law.
- ‘Contracts Finder’ is the government portal for information on public sector Contracts
- ‘Contract Value’ is, for works, goods or services the total monetary value over the full duration, including any extension options (not the annual value). For concession Contracts, or other Contracts with low, or nil cost to the Council the total pecuniary value must be considered.
- ‘Contracts and Grants Register’ the Council’s database of all Contracts, commissioned activity, purchase orders, Framework Agreements, and other legally enforceable agreements with a value of £5,000 and above and grants of any value.
- ‘Controlled Entities’ a subsidiary company of the Council where the Council exercises control similar to that over its own departments, the subsidiary carries out at least 80% of its activity for the Council and there is no direct participation of private capital.
- ‘Corporate Contract’ is an agreement procured in consultation with and for the benefit of more than one Council department. More details can be found on Bradnet.
- ‘Council’ means the City of Bradford Metropolitan District Council.
- ‘DPS or Dynamic Purchasing System’ is an electronic procurement process for commonly used purchases that are generally available and is open throughout the Contract period to any new supplier that meets the selection criteria.
- ‘Electronic Auction’ is a procurement process whereby suppliers who have submitted admissible tenders can revise their original prices or values during the period of the auction.

- ‘EU Thresholds’ the financial threshold at which the Procurement Legislation are applicable.
 - o As of 1st January 2020 these are:
 - o Works - £4,733,252 and
 - o Goods - £189,330.
 - o Service - £189,330
 - o Social and Other Specific Services (subject to the Light Touch Regime) - £663,540.
 - o Concessions - £4,733,252
- ‘Exception Log’ a record held by the Chief Financial Officer of all Contracts valued at £25,000 and above awarded without competition because the Contract meets one or more of the requirements listed in CSO 20.1.
- ‘Framework Agreement’ an agreement which sets out the terms and conditions under which the Council can make specific purchases (“Call-Off”) from a Supplier(s) to provide services, goods or works at agreed standards and prices. If the Council calls off services, goods or works from the Supplier then a binding Contract is formed.
- ‘Grant’ for the purposes of these Contracts Standing Orders means a formal agreement giving financial assistance to an individual or organisation to assist in meeting its general purpose or objectives but where the specific supply of goods, works or services is not required in return. There should be award criteria, performance targets and conditions on how the money is spent and Officers should monitor these in accordance with the terms of the grant agreement.
- ‘Light Touch Regime’ applies to social and other specific services as listed in Schedule 3 of the Procurement Legislation.
- ‘Local Supplier’ is any supplier that provides works, goods or services from a location within the Bradford District or where a substantial number of any employees working directly on the Contract are resident in the Bradford District.
- ‘Officer’ means employee(s) of the Council.
- ‘OJEU’ is the Official Journal of the European Union which is the publication in which all tenders from the public sector above relevant EU Thresholds must be published.
- ‘Procurement Legislation’ means the EU Public Contracts Directive (2014), the Public Contracts Regulations 2015 which implement the Directive in UK Law, and any subsequent statutory amendment or re-enactment, or subordinate legislation that may be in place from time to time.
- ‘Public Service Mutual’ an organisation which has left the Council parent body but continues to deliver public services. Mutuals are organisations in which employee control plays a significant role in their operation.
- ‘Quotation’ a formal written offer to execute works, or provide services or goods at a stated price
- ‘Sheltered Workshop’ an organisation that employs a proportion of disadvantaged or disabled workers which allows the supplier to be eligible to bid for certain types of Contracts which can be specifically reserved to organisations meeting the criteria.
- ‘SIRO’ Senior Information Risk Owner is the person with overall accountability and responsibility for information governance.
- ‘Supplier’ an individual or organisation that Contracts with the Council to provide works, goods or services.
- ‘Tender’ a formal written offer to execute works, or provide services or goods at a stated price
- ‘TUPE’ means the Transfer of Undertakings (Protection of Employment) Regulations 2006.

- ‘Whole Life-Cycle Costs’ is an estimate of the total costs of works, goods or services over their life. It is a combination of the purchase price, implementation and operating costs, procurement and Contract management costs, disposal costs less any residual value.
- ‘YORtender’ is the procurement portal used by the Council (www.yortender.co.uk)

1 Introduction

1.1 The purpose of Contract Standing Orders is to set clear rules by which the Council spends money on works, goods and services. The rules apply to any Contract entered into by the Council. The procurement process covers the full life cycle of activities starting with the identification of need, through to evaluation, purchasing and contract management.

Procurement can range from purchasing day to day commodities to purchasing key strategic items such as large capital assets, or commissioning a service or buying an entire service.

1.2 Public procurement must be undertaken in accordance with principles enshrined in Procurement Legislation. The Council must always act to promote competition and to ensure that each procurement is conducted as an open, transparent and fair competition. The Council must avoid practices which may restrict or distort competition.

1.3 All values quoted in these Contract Standing Orders are exclusive of recoverable Value Added Tax (VAT).

1.4 Any dispute or difference as to the interpretation of these Contract Standing Orders shall be resolved by the City Solicitor.

1.5 The Chief Financial Officer shall undertake a formal review of Contract Standing Orders on an annual basis which will be reported to the Governance and Audit Committee.

2 Compliance with Contract Standing Orders

2.1 Failure to comply with these Contract Standing Orders can result in disciplinary action against the Officers concerned.

2.2 Every Contract made by or on behalf of the Council for works, goods and services and all Council employees engaged to act in any capacity to manage or supervise a Contract must comply with:-

- Procurement Legislation
 - All relevant statutory provisions including the Public Contracts Regulations 2015, competition law and public services acts (e.g. Social Value, Care Act 2014)
 - The Council’s Constitution including these Contract Standing Orders, the Council’s Financial Regulations and the Council’s Procurement Policies
 - The Council’s strategic objectives and policies
- 2.3 All Council Officers and organisations engaged on the Council’s behalf shall ensure that all procurement activity is undertaken with regard to high standards of probity and in a manner which avoids any conflicts of interest. The Council’s Employee Code of Conduct must be followed at all times.

2.4 In applying these Contract Standing Orders, all Officers shall have regard to the duty of Best Value For Money under the Local Government Act 1999.

2.5 An Appropriate Officer may permit, with limitations, other Officers to authorise orders and Contracts in their own names on behalf of the Council. Any orders or Contracts made shall remain the responsibility of an Appropriate Officer. Appropriate Officers must maintain an up to date record of Authorised Officers and submit a copy of the list to the Chief Financial Officer on an annual basis at the commencement of the financial year.

2.6 The Chief Financial Officer may delegate some, or part of their responsibilities set out in these Contract Standing Orders to Officers in their service area. A written record of this delegation should be kept for transparency and audit purposes.

2.7 All orders for works, goods or services must be placed using the Council’s approved systems in advance of the invoice being received and coded to the appropriate account codes.

2.8 Miscellaneous payments must only be used where the payment is not as a result of a purchase (for example a refund or grant payment). Miscellaneous payments must not be used to:

- Pay suppliers for works, goods or services (including fees in relation to consultancy work and training), or
 - To reimburse employee expense claims or petty cash purchases
- 2.9 Non-compliance with Council's procedures and processes for the use of its requisition, ordering and payment systems may result in the Chief Financial Officer removing Officer access.

2.10 These Contract Standing Orders must be used, other than in exceptional circumstances which must be authorised by either:

2.10.1 The Executive; or

2.10.2 The Chief Financial Officer and the City Solicitor. after considering a report by an Appropriate Officer. The Appropriate Officer must retain written reasons of the decision.

2.11 Authorisation under Standing Order 2.10.2 will be reported to Governance and Audit Committee on a quarterly basis.

2.12 All Appropriate Officers are responsible for ensuring compliance by their staff and shall report all breaches to the Chief Financial Officer. All instances of non-compliance will be recorded by Procurement Services and be reported to Strategic Directors on a quarterly basis.

2.13 These Contract Standing Orders **do not** apply in relation to the procurement of legal services in respect of a specific matter for the purposes of

- Arbitration conciliation;
- Judicial proceedings before the courts;

However, no such legal services shall be procured without the approval of the City Solicitor.

3 Social, Economic, Environmental and Ethical Considerations

3.1 In formulating proposals for a Contract, the Authorised Officer must consider the Public Services (Social Value) Act and follow requirements set out in the Council's Social Value and Inclusive Growth Policy.

3.2 Where appropriate and always subject to Procurement Legislation, the Authorised Officer should ensure that all requests for Tenders or Quotes are framed in such a way as to encourage Local Suppliers, small and medium sized companies (SME's) and third sector organisations such as social enterprises to bid. This may include dividing the Contract into lots.

4 Procurement Plans

4.1 After Council has agreed the Council's budget and before commencement of the financial year the Authorised Officer must prepare and maintain an annual procurement plan for all procurements of works, goods or services to be undertaken in the forthcoming financial year.

4.2 Procurement plans must be sent to the Chief Financial Officer in order that they can publish a Council wide procurement plan on the Council's website prior to the start of the financial year.

5 In-House Services and Existing Arrangements

5.1 In all instances the procurement of works, goods or services should be done through existing approved arrangements where they exist. These include:

5.1.1 In-house provision

5.1.1.1.

Where the Council has an in-house provision and the estimated Contract Value is less than the relevant EU Threshold external suppliers can only be used when the Appropriate Officer providing such in-house provision confirms that they are unable to meet the requirements on

that occasion due to insufficient resources, skills or capacity

5.1.1.2

If the estimated Contract Value is more than the relevant EU Threshold the Appropriate Officer providing such in-house service may also be required to clearly demonstrate that they provide Best Value for Money.

5.1.2 Corporate Contracts, Framework Agreements or DPS awarded by the Council

5.1.2.1

The use of Council Corporate Contracts / Framework Agreements /DPS awarded by the Council shall be mandatory for all works, goods and services that have been included in the scope of those arrangements.

5.2 Information relating to the above arrangements will be published regularly on Bradnet.

5.3 Where an existing arrangement or in-house service exists and the Officer is seeking to procure outside of these arrangements, the Authorised Officer is required to maintain a documented audit trail to demonstrate the correct approval has been obtained to procure outside of these arrangements.

5.4 Other arrangements should be considered and used where it can be evidenced that they provide Best Value for Money:

- Contracts, Framework Agreements or DPS established by central purchasing bodies (Crown Commercial Services, YPO etc.) or other public bodies
- Collaborative or shared service arrangements with another public body
- Alternative delivery vehicles such as Controlled Entities or Public Service Mutuals
- Sheltered Workshops

6 Estimating Contract Values

6.1 The method for determining the estimated total value of a Contract / income Contract, should be based on the total amount (net of VAT) which the Council expects to pay and / or any other forms of remuneration the Council, Contractor (or a third party) will receive by operation of the Contract over the term of the Contract. Such calculation must include, where relevant any maintenance and on-going support costs. (Example calculation: Estimated Contract Value = (Annual Cost + other forms of remuneration) x Contract Length)).

6.2 In determining the value of a Contract, the Council must also include the potential value of any options to extend that may be built into the Contract and take into consideration the value of all lots where the Contract is going to be broken into lots.

6.3 When determining the value of a Framework Agreement the anticipated value of all spend through that Framework Agreement including the spend of any other Contracting Authorities who are able to access the Framework Agreement must be taken into consideration.

6.4 Officers must ensure that estimated values are **not** disaggregated in an attempt to avoid the applicability of these Contract Standing Orders. Requirements must be calculated based on all Council spend (i.e. the corporate requirement rather than an individual service areas need)

6.5 Where a proposed procurement includes two or more types of provision (i.e works, goods or services) the procedure followed shall be based on the provision that characterises the main subject of the Contract in question.

7 Pre-Procurement Requirements

7.1 All procurement processes and documentation will be proportionate to the total value of the Contract and the nature of the works, goods or services.

7.2 Before commencing procurement activity for Contracts valued at £25,000 and above the Authorised Officer must undertake the following:

7.2.1 Report to Overview and Scrutiny Committee Contracts valued

£2m and above For Contracts with a total estimated value of £2m and above report details to the relevant Overview and Scrutiny Committee using the standard Committee report template. Reports are to be taken at an early stage once Officers have a draft procurement strategy and specification to allow members to consider matters. For clarity, details of call-off Contracts from a Framework Agreement or DPS do not need to be separately reported providing the original Framework Agreement or DPS has been reported except where the relevant Overview and Scrutiny Committee request a separate report.

7.2.2 Market Engagement

Carry out, where appropriate, pre-procurement engagement with the market (including talking to suppliers, clients and other stakeholders) to understand the availability, strengths and weaknesses of markets and to develop the specification and the Best Value for Money procurement and contractual approach. Pre-engagement with the market must be done in such a way that ensures the subsequent procurement process remains open, fair and transparent with no Supplier gaining an unfair advantage which would distort competition.

7.2.2.1 Advice must be sought from Procurement Services where it is proposed to use a Prior Information Notice (P.I.N.)

7.2.3 Route to Market

Consider the most appropriate route to market including whether a Framework Agreement, DPS or Electronic Auction is appropriate and would deliver Best Value for Money seeking advice from the Head of Procurement where necessary

7.2.4 Specification Development

Be satisfied that a written and clear specification has been prepared which will form the basis of the Contract.

7.2.5 Risk Assessment

For all Contracts with an estimated Contract Value of more than the EU Threshold for goods and services, or where there is a significant supply risk (identified using a procurement risk assessment form available on Bradnet) a documented risk log must be maintained by Officers.

7.2.5.1 Any Officer conflict of interests should be dealt with as part of the risk assessment process.

7.2.6 Equality and Diversity Implications

Consider at the outset any equality and diversity implications that may require an equality impact assessment to be undertaken

7.2.7 Service Transfer or Strategic Partnership Development

Before commencing any process for procuring Contracts which involves a proposed service transfer or the development of a strategic partnership, the Authorised Officer must consult the Chief Financial Officer.

7.2.8 TUPE implications

Consider at the outset any TUPE implications and schedule in seeking relevant legal and HR assistance

7.2.9 Data Protection

Identify all Contracts involving the processing of personal data, information security or data processing implications that may require additional schedules or terms and conditions considering the General Data Processing Regulation, the Data Protection Act, and the need to notify the SIRO

7.2.10 Social Value

Consider at the outset any implications from the Social Value Act in accordance with the Council's Social Value and Inclusive Growth Policy

7.2.11 Whole Life Costings

Prepare and document an estimate of the whole life-cycle costs including where appropriate any on-going costs and/or disposal costs and ensure that the cost is within the approved current and future budget provision for both capital and revenue expenditure

7.2.12 Evaluation Criteria

Ensure that all evaluation criteria including sub-criteria have been determined in advance, put in order of relative importance or weighting and published in the tender documentation.

Selection criteria must be relative and proportionate following statutory guidance issued by the Secretary of State. Details of any financial assessment to be undertaken (CSO 19.8) and the form of contract to be applied (CSO 22) must be included in the tender documentation.

7.2.13 Electronic Documentation

Ensure that electronic versions of all the appropriate and approved forms of procurement documentation is available through an internet portal immediately on publication of any advert

7.3 Authorised Officers are responsible for arrangements to ensure the proper control and use of Council ordering and contracting procedures, in accordance with guidance issued by the Chief Financial Officer and the City Solicitor.

7.4 All procurement activity must be undertaken using the Council's standard template documentation unless prior approval has been obtained from the Head of Procurement.

8 Framework Agreements and Dynamic Purchasing Systems

8.1 Call-Off Arrangements

8.1.1 Where a Call-Off is proposed under an existing Framework Agreement or DPS that has been established by a consortium, collaboration, purchasing organisation or other public body, the Council may consider using this Framework Agreement or DPS if;

- a. The Framework Agreement or DPS has been established by an entity, and via a process, which permits the Council to access those arrangements lawfully;
- b. It is in the best interest of the Council to access the Framework Agreement or DPS, representing clear Best Value for Money, which must be documented for audit purposes.

8.1.2 Before undertaking a Call-Off under any Framework Agreement or DPS, thorough due diligence should be undertaken and advice sought from Procurement Services to confirm it is able to be used and whether it is appropriate to use it.

8.1.3 Call-Offs must be awarded based on the criteria identified in the Framework Agreement or DPS.

8.1.4 Where a Call-Off is undertaken via a direct award process (which is prescribed in the Framework Agreement), the Contractor must be requested in writing to supply a written submission, that is verified to confirm it can meet the requirements of the Council in accordance with the terms and conditions and pricing established in the Framework Agreement in advance of entering into a Contract unless otherwise prescribed in the Framework direct award call-off procedure.

8.1.5. Subject to the due diligence confirming the suitability of the Framework Agreement or DPS, it can be used as a potential route to market without going down one of the procedures outlined at CSO 10 to 13

8.2 Establishing a Framework Agreement / DPS

8.2.1 Where the Council is establishing a Framework Agreement or DPS which may be accessed by other Contracting Authorities the estimated Contract Value must take account of all potential work that may be put through the agreement and follow the procedures set out in these Contract Standing Orders.

8.2.2 If the Council is establishing a Framework Agreement or DPS in accordance with CSO 8.2.1 reference must be made within the procurement documents explaining that the

Framework Agreement or DPS is intended for wider use, and advice should be sought from the City Solicitor's Office to ensure the terms upon which other Contracting Authorities access those arrangements are clear and offer appropriate protection to the Council.

8.2.3 In establishing a Framework Agreement, the total duration (including any extensions) cannot exceed four years except in exceptional circumstances relating to the subject matter of the Framework Agreement. Any proposal to establish a Framework Agreement with a duration exceeding four years should be referred to the Head of Procurement for advice.

8.2.4 Where, taking in to account the above, the estimated value of the Framework Agreement or DPS is estimated to be above the relevant EU threshold, the Authorised Officer must ensure that the names of the other public bodies are included in the OJEU notice either individually or by identifiable class.

8.2.5 In establishing a Framework Agreement or DPS, the Council must ensure that the terms of the Framework Agreement or DPS make the process by which Contracts under the Framework Agreement or DPS are entered into, and the terms under which they will be entered, is explicitly clear.

9 Concession Contracts

9.1 If the Authorised Officer is considering entering into an arrangement which could constitute a Concession Contract, early advice must be sought from Procurement Services and the City Solicitor.

10 Contracts valued up to £24,999

10.1 These Contract Standing Orders in general do not apply to Contracts with an estimated value of up to £24,999. However, this CSO 10, and the Contract Standing Order with regards to in-house and established Corporate Contracts referred to at CSO 5 **do apply**.

10.2 The Authorised Officer must be able to demonstrate Best Value for Money and **must use Local Suppliers** wherever possible. All Quotations must be in writing.

10.3 To comply with the Local Government Transparency Requirements, details of all Contracts awarded of £5,000 and above must be recorded on the Council's procurement portal, YORtender and on the Contracts and Grants Register. Officers shall retain a written record of actions taken and the reasons using the pro-forma template available on Bradnet.

10.4 Pro-forma should be completed and details recorded on YORtender and the Contracts and Grants Register prior to a purchase order being created.

11 Contracts between £25,000 and £189,329 (EU Threshold for Goods and Services)

11.1 Contracts that are estimated to be for amounts between £25,000 and £189,329 must be let on a competitive basis on YORtender. The Authorised Officer must determine the most appropriate procedure to undertake.

11.2 The Authorised Officer must either:

11.2.1 use a closed procedure inviting a minimum of four suppliers registered on YORtender including inviting Local Suppliers wherever possible, or

11.2.2 use an open procedure advertising the opportunity to the open market using both YORtender and Contracts Finder

11.3 When using the closed procedure, if the minimum number of Tenders cannot be obtained owing to insufficient suitable Suppliers prepared to tender, then the Authorised Officer must keep a record of this.

11.4 No pre-qualification questionnaire is permitted during the procurement. Suitable assessment questions to assess eligibility are part of the Council's template procurement documents and can be used as part of the overall quality evaluation. Suitability Assessment

Questions may only be included within the procurement where they are

- a) Relevant to the subject matter of the procurement; and
- b) Proportionate

11.5 Only the winning bidder(s) will be required to submit certificates and documents as evidence of their legal and financial standing and technical or professional ability in addition to specific requirements relating to insurance, health and safety, equality, environmental management etc.

12 Light Touch Regime Contracts Valued £189,330 to the Light Touch Regime EU Threshold, Concession Contracts Valued £189,330 to the Concession EU Threshold, Works Contracts Valued £189,330 to the Works EU Threshold

12.1 The procurement of Contracts for the provision of Light Touch Regime Services, Concession Contracts and Contracts for works with a value between £189,330 and the relevant EU threshold may be undertaken in accordance with procurement procedures as outlined in CSO11.

12.2 Procurement of any such Contracts must, however, be let on a competitive basis, which is advertised to the open market, through YORtender and on Contracts Finder.

12.3 The most common procedures to be used for Contracts within these thresholds are processes broadly equivalent to the Open and Restricted procedures set out in the Procurement Legislation. Where consideration is given to any other procedure then early advice must be sought from the Head of Procurement.

13 All Contracts valued above the EU Threshold

13.1 Where the Contract Value is likely to exceed the relevant EU threshold it must be tendered in accordance with the relevant Procurement Legislation, unless it will be procured through an existing Framework Agreement or DPS agreement that has been established via a compliant EU procurement process.

13.2 Suppliers must be appointed by one of the procedures under CSO 14.

13.3 All Tenders must be advertised on the YORtender system and Contracts Finder. Standard template documentation must be used

13.4 All Tenders above the relevant EU Threshold must be advertised in the OJEU.

14 Procurement Procedures

14.1 The **open procedure** under which all those interested may respond to the advertisement by submitting a Tender. This is often the most expedient system and enables all of the Suppliers in the market that wish to engage in the process to submit a Tender. There is no pre-qualification or short-listing stage prior to invitation to tender (ITT).

14.2 The **restricted procedure** under which a selection process is made of those who respond to the advertisement and only they are invited to submit a Tender. This procedure can only be used for tenders above the EU Threshold for goods and services.

14.3 The following procedures apply to more strategic, complex or high value projects and must be done in consultation with the Head of Procurement as there are limited circumstances under which these processes can be used.

14.4 The **competitive dialogue procedure** under which a selection is made of those who respond to the advertisement and the Council enters into dialogue with potential bidders to develop one or more suitable solutions on which the chosen bidders submit a Tender. This can be used where the Contract is complex and cannot be purchased “off the shelf”.

14.5 The **competitive procedure with negotiation** under which a selection is made of those who respond to the advertisement and only they are invited to submit a Tender. The Council may then open negotiations to seek improved offers.

14.6 The **innovation partnership procedure** under which a selection is made of those who respond to the advertisement and the Council uses a negotiated approach to invite suppliers to submit innovative ideas to meet a need where there is no suitable existing “product” on the market. The partnership can be awarded to more than one supplier.

14.7 For Contracts for Social and Other Specific Services subject to the Light Touch Regime Authorised Officers have more freedom to design a procurement procedure that is broadly comparable to the procedures described in CSO14. Consideration should be given to the Cabinet Office’s guidance on procurement under the Light Touch Regime. The Head of Procurement must be consulted and the Authorised Officer must ensure that principles of transparency and equal treatment are observed.

14.8 The procedure to be undertaken as identified in this CSO 14 must be explained from the outset in the request for Tender and adhered to throughout.

15 Submitting and Opening Tenders and Quotations

15.1 Every invitation to tender or request for a quotation must state that a Tender or Quotation will only be considered if it is received by the specified closing date and time via YORtender, or for quotes below £25,000, at the specified date and time.

15.2 All Tenders or Quotations for each Contract must be opened by the Officer appointed by the Authorised Officer at a prescribed time.

15.3 The Authorised Officer must keep a record of all Tenders and Quotations.

15.4 The Authorised Officer shall after consultation with the Head of Procurement disqualify a Tender or Quotation which fails to comply with the requirements of this Contracts Standing Order (15.1) and must inform the bidder or Quotation provider, as soon as possible, stating the reason for the disqualification.

16 Evaluation

16.1 An evaluation panel must be convened for all evaluation processes undertaken. Representation on the panel must be from people who have knowledge of the subject area and be proportionate to the size and value of the procurement being undertaken.

16.2 For all Contracts, regardless of value, no person with a personal or financial interest in any of the bidders submitting a proposal should be involved in evaluating Tenders or involved in any way in influencing the decision as to which bidder is to be awarded a Contract. A declaration of interest form must be completed prior to the commencement of the evaluation process and held on file by the Authorised Officer.

16.3 The evaluation of tenders **must** be in accordance with the evaluation criteria specified in the original tender documents. Under no circumstance should there be a deviation away from this.

16.4 Where a bidder submits a qualified or conditional tender, they must be given the opportunity to withdraw the qualification or condition without amendment to the bid submitted. If a bidder fails to do so their bid must be rejected unless it is dealt with as an alteration to their submission in accordance with CSO 17 below.

16.5 Where a Tender received appears to be abnormally low, the Council is under a statutory duty to request that the bidder concerned provides a full and detailed response to explain the price / cost proposed. Identifying and dealing with abnormally low bids shall be the responsibility of the Authorised Officer. The Council may reject an abnormally low bid, where the justification doesn’t satisfactorily account for the low level of price. Where consideration is being made to the rejection of a bid on these grounds advice must be sought from the Head of Procurement and City Solicitor.

17 Errors in Tenders and Quotations

17.1 Prior to acceptance of any Tender or Quotation received, any arithmetic error or other minor discrepancy made in good faith can be corrected by the Head of Procurement after consultation with the Authorised Officer in one of the following two ways:

17.1.1 The bidder shall be given details of the error(s) found during the examination of the Tender and shall also be given the opportunity of confirming without amendment or withdrawing the Tender; or

17.1.2 Amending the Tender to correct genuine arithmetic error(s) provided that in this case, apart from these genuine arithmetic errors, no other adjustment, revision or qualification is permitted.

17.2 A written record must be kept of all such amendments.

18 Post Tender and Quotation Negotiations

18.1 In the interests of ensuring an open, fair and transparent process, negotiation following receipt of tenders is only permissible in limited circumstances.

18.2 No negotiation is permitted following **receipt of final tenders** where the Tender is above the EU Threshold.

18.3 Where the procurement is below the EU Threshold, the Authorised Officer may, after consulting with the Chief Financial Officer, and where it is intended to obtain better value for money, authorise negotiations with one or more bidders or Quotation providers where s/he considers that none of the Tenders or Quotations are acceptable and it is in the Council's interests to do so.

18.4 Negotiation on behalf of the Council should be conducted by two or more Authorised Officers and a written record kept of the negotiation.

19 Approval and Acceptance of Tenders and Quotations

19.1 For every Contract, Framework Agreement or DPS over the relevant EU Threshold or £2 million and above in value (whichever is lower) a tender evaluation report must be produced which includes details of:

- the winning bid,
- the suppliers involved,
- results of any selection process,
- the value and subject matter of the Contract,
- justification for using any negotiated type procedure,
- any decision not to award,
- reasons for not using electronic communications,
- any conflict of interest,
- reasons for rejecting abnormally low bids.

19.2 The tender evaluation report must be approved by an Appropriate Officer and the Head of Procurement prior to notification letters referred to at CSO 19.4 being issued.

19.3 The Authorised Officer can only accept the most economically advantageous Tender or Quotation and must record the reasons for acceptance.

19.4 All suppliers who submit a Tender or Quotation should be notified in writing of their success or failure in a timely manner using the standard documents. All notifications should be signed by the relevant Appropriate Officer.

19.5 For procurements concerning Contracts with values above the relevant EU Thresholds it is essential that all unsuccessful letters contain the following;

- The award criteria used;
- The score the bidder obtained against those award criteria;

- The score the winning bidder obtained;
- The name of the winning bidder;
- The characteristics and relative advantages of the winning tender; and
- Precise details of the standstill period.

19.6 For all tenders covered by the Procurement Legislation, the minimum statutory standstill period is required between notification of the award decision and final Contract award.

19.7 Whilst the standstill period referred to above is not a legal requirement for below threshold procurements, above threshold procurements under the light touch regime or Call-Offs under Framework Agreements or DPS, it is normal practice to apply a voluntary standstill period to allow an opportunity for unsuccessful aggrieved bidders to challenge / complain and for the Council to satisfactorily deal with such instances before entering in Contract.

19.8 Before entering into any Contract, the Authorised Officer must

19.8.1 be sure that they have the necessary authority to enter into the Contract and that these Contract Standing Orders, the Council's Financial Regulations and procurement advice have been complied with, and that the proposed Contract represents Best Value for Money

19.8.2 be satisfied about the technical capability of such proposed Supplier;
and

19.8.3 where a significant supply risk has been identified (in accordance with CSO 7.2.5 and for all Contracts of £189,329 pa and above, or £189,329 (if the Contract is for less than 1 year) for works, goods or services consult with the Chief Financial Officer to agree appropriate checks on the financial and resource capacity of the Supplier to perform the Contract and to agree what, if any, security should be provided for performing the Contract. Forms of security include such as: parent company guarantee, Director's guarantee and performance bonds.

19.9 All Contracts awarded of £5,000 and above must be recorded on the YORtender system and all Contracts valued at £25,000 and above must also be published on Contracts Finder. All Contracts above the EU Threshold must also be published in OJEU.

19.10 For all Contracts and extensions valued at £100,000 and above a briefing note for the Leader of the Council must be produced.

20 Exceptions

20.1 Subject to the statutory requirements for procurement processes above EU Thresholds no competitive procurement process is required where one or more of the following exceptions apply:

20.1.1 the purchase of proprietary or patented goods or materials or services which, are obtainable only from one supplier, and where no reasonably satisfactory alternative is available;

20.1.2 the execution of works or the supply of goods or services are controlled by a statutory body

20.1.3 the execution of works or supply of goods or services are of a specialised nature which, are carried out by only one supplier, and where no reasonably satisfactory alternative is available;

20.1.4 the execution of works or supply of goods or services for which it can be demonstrated that no genuine competition can be obtained;

20.1.5 the purchase of a named product required to be compatible with an existing installation;

20.1.6 special education, health or social care Contracts, if, it is considered in the Council's interests and to meet its obligations under relevant legislation;

20.1.7 the execution of works or the supply of goods and services that are required so

urgently as not to permit compliance with the requirements of competition.

20.1.8 carrying out, with the approval of the Chief Financial Officer, security works where the publication of documents or details in the tendering process could prejudice the security of the works to be done.

20.1.9 The procurement is a unique work or art or artistic performance

20.1.10 To allow for the continuation of a contractual arrangement with a Supplier beyond the terms of a Contract, in exceptional circumstances and where the duration of the continued Contractual arrangements is determined in accordance with the timescales required to complete a re-procurement or the

20.1.11 The selection of a supplier upon the instruction of a third party, providing all the funding is met by a third party.

20.2 All exceptions with a total value of £25,000 and above require the support of the Chief Financial Officer, who is ultimately responsible for procurement within the Council, as well as the relevant Appropriate Officer.

20.3 An exception request form must be completed for every instance of an exception of £25,000 and above. The Authorised Officer must ensure that the market for a proposed Contract has been investigated, and that the Authorised Officer can demonstrate that departure from these Contract Standing Orders is justifiable and provides overall value for money.

20.4 The Authorised Officer must retain written reasons justifying the decision to use CSO 20 and be able to demonstrate that Best Value for Money has been obtained.

20.5 Any Contract valued at £25,000 and above awarded using an exception shall be notified to the Chief Financial Officer who will record the Contract in the "Exceptions Log".

21 Contract Extensions, Variations, Novation or Termination Extensions

21.1 The Authorised Officer can extend a Contract subject to the extension being permitted within the scope and terms of the original procurement and Contract and before the expiry date.

21.2 An options appraisal must be undertaken to determine if it represents Best Value for Money to extend the Contract and any approval required must be sought in a timely manner.

21.3 The Authorised Officer must make every effort to negotiate improved terms, at the point of extending the Contract, with regard to the cost and quality of the goods or services.

21.4 No extension shall be made until funding has been secured in accordance with the Council's Financial Regulations or any other similar requirement.

Variations

21.5 All Contract variations must be carried out within the scope of the original Contract and must not materially affect or change the Contract.

21.6 There are significant limitations upon the Council being able to make such modifications, especially where the Procurement Legislation applies.

21.7 When considering a variation or modification of an existing Contract, advice must be sought in advance from the Head of Procurement and the City Solicitor.

21.8 Such variations must be approved by:

21.8.1 the Assistant Director of the Service if the value of the variation is less than 25%, or the revised, total Contract Value is less than £100k,

21.8.2 the Strategic Director of the Department if the value of the variation is greater than 25%, or the revised total Contract Value is £100k or above, or

21.8.3 the Chief Financial Officer if the value of the variation is greater than 50% and the total value of the Contract is £100k or above.

21.9 Works Contracts variations, subject to CSO 21.6 and 21.7, must be managed in accordance with the relevant works Contract clause(s), and by no later than the next periodic

valuation of the works reported in accordance with 21.8.1 to 21.8.3 above

21.10 Following the approval of any variation the relevant notices described at CSO19.9 must be updated and any further notifications required to comply with Procurement Legislation published.

Novations

21.11 In the event that a novation is required because a Supplier ceases to provide the work, goods or services whether as a result of insolvency, company restructuring, company purchase, termination of the Contract or any other reason then the Authorised Officer must consult with the Chief Financial Officer and City Solicitor before novating or assigning the Contract to a new Supplier.

Termination

21.12 Before commencing a process of terminating a Contract with a Supplier for a breach of Contract the Authorised Officer must consult the Chief Financial Officer and City Solicitor.

22 Written Contracts

22.1 The Authorised Officer must ensure every Contract is in writing.

22.2 Every Contract with a Contract Value of £2 million or above must be executed under seal as a Deed with the common seal of the Council by the City Solicitor.

22.3 Every Contract with a Contract Value of less than £2 million should be executed under seal as a Deed with the common seal of the Council by the City Solicitor in the following circumstances:

- the Council wishes to enforce the Contract for more than 6 years after its end (e.g. for land or works); or
- it is required by parties to the Contract; or
- the price paid or received under the Contract is a nominal price and does not reflect the value of the goods/services; or

22.3 Otherwise the following rules for signature apply:

- where the total Contract Value is below £100,000 an Authorised Officer can sign within the limits specified by an Appropriate Officer as per Contract standing order 2.5.
- any Contract with a total value between £100,000 and £2 million must be signed by a Assistant Director or above

22.4 All Contracts with the exception of one-off purchases below £5,000 must be recorded on the Contracts and Grant Register.

23 Professional Services, Consultants and Intermediary Employment

23.1 An Authorised Officer may only appoint external consultants providing professional or consulting services if such services are not available within the Council or if Council Officers providing them do not have the resources to meet the needs of the Authorised Officer.

Approval of the Consultancy and Contractor Procurement Process must be obtained before seeking quotes or tenders.

23.2 Inline with HMRC IR35 and CIS rules the Authorised Officer must consider guidance available on Bradnet and identify the employment status of the Supplier for tax purposes for the Contract entered into, and notify the Chief Financial Officer. Although not a definitive list, Suppliers providing works or services in the following instances must be considered:

- Services delivered personally by the Supplier
- Consultancy work
- Self employed contractors or suppliers
- The engagement of a worker through a limited company or other body
- The use of a Personal Services Company

- The engagement of a CIS registered contractor

23.3 For Contracts identified as being within the scope of the IR35 payments can only be made in compliance with IR35 legislation.

23.4 The Authorised Officer must consult the Chief Financial Officer for all Construction Industry Scheme (CIS) Contractor appointments and payments.

24 Contract Conditions

24.1 The Council's standard terms and conditions should be entered for all Contracts. Any exception must be agreed in consultation with the City Solicitor and the Chief Financial Officer **before** entering in to Contract.

24.2 The above rule shall not apply to:

- UK government standard documentation or government sponsored schemes such as Academies and amendments may be made for Best Value for Money or project specific reasons.
- Construction and/or engineering Contracts where bespoke conditions based on accepted industry practice are used e.g. JCT, NEC or ICE
- Where Framework Agreements / DPS are being used.

25 Contract Management

25.1 The Authorised Officer is responsible for contractual spend over the duration of a Contract, and must scrutinise and challenge supplier performance, costs and progress, and must take appropriate measures and sanctions to improve supplier poor performance.

25.2 The Authorised Officer must ensure that Contract specifications contain suitable key performance indicators to incentivise appropriate service delivery and to highlight poor performance.

25.3 The Authorised Officer must undertake suitable due diligence checks of a Supplier's technical and organisational measures to fulfil their obligations as Data Processors under the General Data Protection Regulation.

26 Leases and Other Credit Agreements

26.1 The Authorised Officer must ensure that prior to entering into any lease or credit arrangement which has a capital cost, the cost must first be approved for inclusion in the Capital Investment Plan in accordance with Financial Regulations relating to capital expenditure.

27 Grants

27.1 The Authorised Officer must follow the principles, processes and template documents of these Contract Standing Orders as appropriate for awarding grants prior to entering into any grant arrangements.

27.2 Grant funding arrangements should be considered carefully to decide whether they are in fact a procurement for the purposes of these Contracts Standing Orders. A genuine Grant funding arrangement is not a procurement. However, Officers should consider whether the purpose that the grant is being provided for could be achieved through a procurement.

27.2 Before awarding any grant with an estimated value of £100,000 and above, the Authorised Officer must consult the Chief Financial Officer.

27.3 All grant agreements shall be recorded in the Contracts and Grant Register.

28 Payment Outside of Standard Procure to Pay Procedures

28.1 The Chief Financial Officer will make payments on account only on certificates (or other forms approved by the Chief Financial Officer) which have been issued by the

Authorised Officer, or the architect/engineer/supervising officer appointed to deal with a particular Contract.

28.2 An Authorised Officer may where there has been written agreement with the Chief Financial Officer (setting out the parameters) make purchases and payments via a purchasing card. Purchasing cards must only be used in accordance with the Council’s Purchasing Card Compliance Policy, any exception to the Policy must be agreed in advance with the Chief Financial Officer.

28.3 The Chief Financial Officer will withdraw the use of purchasing cards should the above not be complied with. Instances of non-compliance can result in disciplinary action in accordance with CSO 2.1.

28.4 Payment for goods, works and services are not to be made in advance of delivery other than in a low Contract Value and low risk situation or where it is industry practice to do so that has been agreed in writing with the Appropriate Officer.

29 Claims

29.1 The Authorised Officer must inform the City Solicitor of all claims by or against suppliers which are the subject of formal dispute resolution or litigation between the Council and the supplier.

30 Contracts Where Members Have an Interest

30.1 Members shall ensure that all procurement activity which is undertaken has regard to high standards of probity and in a manner which avoids any conflict of interest. The Members’ Code of Conduct must be followed at all times.

TABLE 1

Value Band	Total Contract Value	Procurement Options	Additional procedures
1	£0 - £24,999	CSO Section 10 <ul style="list-style-type: none"> • Must demonstrate value for money • Must use in-house or Corporate Contract • Must use Local Supplier if available • Consider using purchasing card for low value, low risk purchases 	<ul style="list-style-type: none"> • All quotes in writing • Contracts of £5,000 and above must be recorded on YORtender • All Contracts of £5,000 and above to be entered in the Contracts & Grant Register
2	£25,000 – EU Threshold for Goods and Services	CSO Section 11 <ul style="list-style-type: none"> • Must use in-house or Corporate Contract • Consider availability of an existing suitable Framework Agreement or DPS • seek minimum of four quotes inviting local suppliers if available or • Open tender process 	<ul style="list-style-type: none"> • Consider all pre-procurement requirements • All quotes in writing • Use YORtender for quotes or formal tender • £100k and above Complete briefing note for Contract award • All Contracts to be entered in the Contract & Grant Register
3	Light Touch Regime Contracts, Concession Contracts and Works Contracts	CSO Section 12 <ul style="list-style-type: none"> • Must use in-house or Corporate Contract • Consider availability of an existing suitable Framework Agreement or DPS • Open tender process or process agreed 	<ul style="list-style-type: none"> • Consider all pre-procurement requirements • Use YORtender for quotes or formal tender • Complete briefing note for Contract award • All Contracts to be entered in the Contracts & Grants

	189,330 to relevant EU Threshold	by the Head of Procurement.	Register
4	Above relevant EU Threshold	<p>CSO Section 13</p> <ul style="list-style-type: none"> • Must use in-house or Corporate Contract • Consider availability of an existing suitable Framework Agreement or DPS (call-off) • Formal tender process • Full EU tender process with advert published in OJEU in accordance with EU Thresholds 	<ul style="list-style-type: none"> • All proposed Contracts must be referred to Procurement Services • Consider all pre-procurement requirements • Use YORTender for formal tender • Complete briefing note for Contract award • All Contracts to be entered in the Contract & Grant Register • Report to Overview & Scrutiny for Contracts of £2million and above prior to publishing tender

Appendix 3

Report of the Strategic Director Corporate Resources to the meeting of the Governance and Audit Committee to be held on the 20th of August 2020.

Subject:
Amendments to the Constitution – Contract Standing Orders and Financial Regulations

Summary statement:

This report provides members of the Council with details of the annual review of the Financial Regulations and Contract Standing Orders sections of the Council’s Constitution and makes recommendations for their amendment.

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Strategic Director Corporate Resources

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1. SUMMARY

1.1 This report provides members of the Governance and Audit Committee with details of the annual review of the Financial Regulations and Contract Standing Orders sections of the Council’s Constitution and makes recommendations for their amendment.

2. BACKGROUND

2.1 During the municipal year 2019/20 Officers have undertaken their annual review of Financial Regulations and Contract Standing Orders to ensure they properly reflect appropriate governance procedures for the Council. This report sets out the proposals for amendments to deliver those changes and improvements. The Committee is asked to consider the proposed amendments to the Constitution for recommendation to Council for formal approval.

2.2 The City Solicitor will implement any recommendations approved by Council and make consequential amendments to the Constitution.

3. OTHER CONSIDERATIONS

3.1 There are a number of proposed changes to Contract Standing Orders, these are summarised with reasons for changes in the following table with a complete copy set out at Appendix 1:

Proposed Changes to Contract Standing Orders	
CSO	Summary of Changes
Def	Defined terms updated including Thresholds Definition included on Concessions and changes to Procurement Legislation.
1	Introduction

	<p>Introduction included describing the procurement cycle. Reference to Grants being subject to the full CSO's has been removed. Grants are dealt with at CSO 27.</p>
2	<p>Compliance with Contract Standing Orders Inclusion of some Legal Services which have always been exempt from CSOs Non Compliance log and report is referenced</p>
3	<p>Social, Economic, Environment and Ethical Considerations Typographical errors corrected</p>
4	<p>Procurement Plans New CSO (but the principle is taken from previous CSOs) on obtaining procurement plans and the intention of publishing them on the Council website.</p>
5	<p>In House Services and Existing Arrangements New CSO on existing contractual arrangements Reference to payment via PCard has been removed as PCard is a transactional process not an alternate route to market</p>
6	<p>Estimating Contract Values New CSO based on aggregating Value</p>

7	<p>Pre-Procurement Requirements Re-structured the clause so it is clearer what is required prior to commencing procurement activity. Note about use of Prior Information Notices (PINs) included. Financial Checks section has been moved to CSO 19</p>
8	<p>Framework Agreements and Dynamic Purchasing Systems (DPS) New CSO on due diligence required when using a framework agreement or DPS and also when establishing the Council's own framework agreement and DPS'.</p>
9	<p>Concession Contracts Reference that advice must be sought when considering these types of contracts.</p>
10	<p>Contracts up to £24,999 Low value CSO to focus on the use of local suppliers under the duty of best value rather than a prescribed procedure. Officers must keep a record of their decision making to meet transparency obligations.</p>
11	<p>Contracts between £25,000 and £189,329 (EU Threshold for Supplies and Services) Removal of the differentiation between above and below £100k (four or six quotes) – the new requirement is 4 local quotes within this threshold. Made a differentiation between restricted and closed procedures at this value level so not to confuse the process with higher value procedures.</p>

	<p>Section added about relevant and proportionate suitability assessment questions when assessing suppliers experience, capability and capacity at this value threshold.</p>
12	<p>Light Touch Regime Contracts Valued £189,330 to the Light Touch Regime (LTR) Threshold, Concession Contracts Valued £189,330 to the Concession EU Threshold, Works Contracts Valued £181,330 to the Works EU Threshold Acknowledges that there is a ‘grey’ area between the supplies threshold and works, LTR, concession threshold and describes the procedure required.</p>
13	<p>All Contracts valued above the EU Threshold Updated in line with proposed CSO 12.</p>
14	<p>Procurement Procedures Adds more detail on LTR procurements.</p>
15	<p>Submitting and Opening Tenders and Quotations. No change</p>
16	<p>Evaluation New CSO on Officer requirements when evaluating tenders</p>
17	<p>Errors in Tenders and Quotations No change</p>
18	<p>Post Tender and Quotation Negotiations Clarity provided around not negotiating above the relevant EU threshold after Final Tenders.</p>
19	<p>Approval and Acceptance of Tenders and Quotations New CSO requiring that a tender evaluation report is produced for every procurement above the relevant EU threshold or £2million (whichever is lower) – signed off by the Head of Procurement in order to assess any procurement risk prior to notification letters being issued to tenderers. Details also included as to what the content of notification letters should be. Financial checks on suppliers has been included at this CSO</p>
20	<p>Exceptions Exception reasons have been edited. Deleted The Exception for using in-house services as this is a compliant route to market. The requirement for Exceptions below £25k as this is a compliant route to market. The Exception for using a consortium procurement as this is a compliant route to market. Added An exception for unique works of art An exception to extend a contract to allow for a re-procurement An exception to allow for using a supplier that is specifically</p>

	required by a funder.
21	Contract Extensions, Variations, Novation or Termination Drafting of the language has been clarified. Closer link to Regulation 72 of the Public Contracts Regulations which deals with substantial modifications of contracts
22	Written Contracts All contracts above £2m are sealed.
23	Professional Services, Consultants and Intermediary Employment No Change
24	Contract Conditions Emphasis placed on consultation before entering in to contract. Framework Agreements and DPS' added to the exclusion list due to new CSO8 about Framework / DPS due diligence
25	Contract Management No change
26	Lease and Other Credit Arrangements No change
27	Grants Grants are dealt with here – must follow the principles of these CSOs not the entire procedures of CSO
28	Payment Outside of Standard Procure to Pay Procedures Caveat about up front payment where it is industry practice.

29	Claims No Change
30	Contracts Where Members Have an Interest No Change

3.2 There are a few proposed changes to Financial Regulations, set out as ‘track changes’ in Appendix 2, these are summarised with reasons for changes in the following table:

Proposed Changes to Financial Regulations	
Section	Reason
1.10	Added to ensure clarity for officers that the budget is approved by full council.
2	Heading changed for clarity.
3.2	Amended for clarity.
7.1	Amended to be consistent with 8.2. This role can be carried out by the Strategic Director Corporate Resources and the Chief Financial Officer.
8	Amended heading to clarify that this section relates to Strategic Investments and not treasury management or WYPF investments.
13.1	Amended for clarity.
14.1	Amended for clarity.
15.3	The responsibility for this role lies with the Chief Financial Officer not the Strategic Director Corporate Resources.
16.2 (new)	This regulation has been added to clarify to Officers that irrespective of how a capital investment proposal is funded it must fit the capital programme and maximise grant funding.
16.3 (previously 16.2)	Added to differentiate the process between capital/non capital funded projects and some corrections in terminology.
18.6	Change from "nominate" to "delegate" and extend the range of staff to the Department of Corporate Resources so that it covers staff in Revenues, Benefits and Payroll.
18.7	Change from "nominate" to "delegate".
19.1	Sterling limit reduced to £8,400 due to change in exchange rate (at the time of writing).

4. FINANCIAL & RESOURCE APPRAISAL

4.1 There are no financial issues arising from this report.

5. RISK MANAGEMENT AND GOVERNANCE ISSUES

5.1 The proposed recommendations are offered to improve the Council's finance and procurement related processes and provide rules to limit risk to the Council.

6. LEGAL APPRAISAL

6.1 Article 17 of the Constitution requires the Monitoring Officer to take steps to make himself/herself aware of the strengths and weaknesses of the Constitution and make recommendations for improvement.

6.2 The review and development of the Constitution is undertaken in compliance with the provisions of the Local Government Act 2000, regulations and guidance made and issued under the Act.

6.3 The review of the Council Standing Orders upholds the obligation placed on the Council by s135 of the Local Government Act 1972.

6.4 The Council will ensure that any updates to the Council Contract Standing Orders shall be compliant with all procurement legislation including the Public Contracts Regulations 2015.

7. OTHER IMPLICATIONS

7.1 There are no implications in relation to the following:

- Equality and Diversity
- Sustainability
- Greenhouse Gas Emissions
- Community Safety
- Human Rights Act
- Trade Unions
- Ward Implications
- Area Committee Action Plans
- Corporate Parenting
- Privacy Impact Assessments

8. NOT FOR PUBLICATION DOCUMENTS

8.1 There are no 'not for publication' documents for this report.

9. OPTIONS

9.1 The recommended option is for Members of the Governance and Audit Committee to recommend the proposed changes to Contract Standing Orders and Financial Regulations set out in this report for approval to the Council to support improvements in the organisation's finance and procurement processes and procedures.

9.2 Member of the Governance and Audit Committee may wish to accept some of the proposed recommendations and, or make their own recommendations.

9.3 The 'do nothing' option is not recommended as the proposed changes have been put forwards to support improvements in the Council's finance and procurement processes and procedures.

10. RECOMMENDATIONS

10.1 That option 1 be accepted and the proposed changes to Contract Standing Orders and Financial Regulations be accepted and recommended to Council to support improvements in the organisation's financial and procurement processes and procedures.

11. APPENDICES

Appendix 1: Proposed Contracts Standing Orders 2020/21

Appendix 2: Proposed Financial Regulations with track changes 2020/21

12. BACKGROUND DOCUMENTS

There are no background documents to this report.

Appendix 4

Resolution of the Governance and Audit Committee 20th August 2020.

AMENDMENTS TO THE CONSTITUTION - CONTRACT STANDING ORDERS AND FINANCIAL REGULATIONS

Resolved –

That option 1 be accepted and the proposed changes to Contract Standing Orders and Financial Regulations be accepted and recommended to Council to support improvements in the organisation's financial and procurement processes and procedures.