

Report of the Strategic Director Corporate Resources to the meeting of the Governance and Audit Committee to be held on the 22nd of April 2021.

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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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Overview & Scrutiny Area:

Corporate

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 The last update of Financial Regulations and Contract Standing Orders was approved by Council on December 8th 2020 having being delayed due to the pandemic. Officers have, however, 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 small number of proposed changes to Contract Standing Orders, these are summarised with reasons for changes in the following table and set out as 'tracked changes' at Appendix 1:

Proposed Changes to Contract Standing Orders	
CSO	Summary of Changes
Def	<p>Due the UK leaving the EU references to the Official Journal of the European Union (OJEU) have been replaced with the UK's e-notification service 'Find a Tender' and References to the 'EU Threshold' have been replaced by 'Threshold'</p> <p>A definition of a 'Variation' of contract is included emphasising that variations to contracts must only be varied in line with procurement legislation.</p> <p>A number of typographical errors are corrected all tracked.</p>
5	<p>In House Services and Existing Arrangements</p> <p>All IT related procurements must now be referred to IT Services to ensure compatibility and security issues are addressed</p> <p>Decisions made to not use the in-house services or existing arrangements must now be made in consultation with the Head of Procurement using the appropriate template. All existing Corporate Contracts shall still be considered in the first instance.</p>
6	<p>Estimating Contract Values</p> <p>Strengthened drafting around disaggregating values of contracts</p>

7	<p>Pre-Procurement Requirements</p> <p>An addition has been made to the requirement for a report to be provided to the relevant Overview and Scrutiny Committee for contracts valued at £2 million and above. This requests that Officers consider the most effective way to ensure members consider all projects in a timely manner. Guidance for Officers on how to do this will be updated on Bradnet.</p>
10	<p>Contracts valued up to £24,999</p> <p>Redrafted to ensure that the focus is on awarding contracts based on being fair and representing best value.</p> <p>Clarification included of all the records that need to be kept and that only contracts above £5,000 in value require a pro-forma completing.</p>
21	<p>Contract Extensions, Variations, Novation or Termination</p> <p>Clarification included that only variations above £25,000 in value are required to be put through the approval process.</p>

- 3.2 The last update of Financial Regulations was approved by Council on December 8th 2020. A review of these has indicated no changes are required since their recent approval. This review has included determining whether there were any changes required due to the Council's response to the Pandemic and the UK's new relationship with the European Union. Neither of these events currently requires alterations to the Council's Financial Regulations

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 be accepted and recommended to Council to support improvements in the organisation's procurement processes and procedures.

11. APPENDICES

Appendix 1: Proposed Contract Standing Orders 2021/2022 with track changes

12. BACKGROUND DOCUMENTS

There are no background documents to this report.