

Report of the Director of Finance to the meeting of Governance and Audit Committee to be held on 21st of April 2022

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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 Contract Standing Orders and Financial Regulations sections of the Council's Constitution and makes recommendations for their amendment.

Equality & Diversity:

The amendments to the Contract Standing Orders and Financial Regulations will ensure appropriate governance processes are in place which allows service objectives to be delivered in accordance with the Council's equality policies.

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Portfolio:

Leader

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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 Contract Standing Orders and Financial Regulations 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 and Financial Regulations was approved by Council on 18 May 2021. Officers have undertaken their annual review of Contract Standing Orders and Financial Regulations 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. CHANGES TO CONTRACT STANDING ORDERS

- 3.1 There are a 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>Thresholds The thresholds by which Procurement Legislation becomes applicable are updated every two years. The latest thresholds, now inclusive of VAT, as of 1st January 2022 are included.</p> <p>E-procurement system (YORtender) The Council has changed the provider of its e-procurement system and the weblink has been updated.</p>
1	<p>Introduction All values that are used in Contract Standing Orders Values for the purpose of identifying the correct Procurement Legislation now include VAT following the publication of Public Procurement Note 10/21. This is reflected in amendments throughout Contract Standing Orders.</p>
2	<p>Purchase Orders Clarification that Purchase Orders should be raised and provided to suppliers prior to commencement of contracts. Also a reminder that invoices should be sent directly to the Accounts Payable team for prompt payment.</p> <p>Loans</p>

	A note that the Director of Finance should be consulted if there is a consideration to make a loan payment to a supplier.
4	<p>Procurement Plans in line with NPPS</p> <p>Additional wording to emphasis the requirement to publish a forward procurement plan is now part of the National Procurement Policy Statement published in Public Procurement Note 05/21.</p>
5	<p>In House Services and Existing Arrangements</p> <p>All marketing or communications procurements must be referred to the Marketing and Communications Team in the Office of the Chief Executive to ensure these products or services align with the Council's marketing and communications strategy, and associated policies to ensure compliance with relevant media laws.</p>
7	<p>Pre-Procurement Requirements</p> <p>An additional gateway report to be approved by the Authorised Officer and the Head of Procurement prior to issuing procurement documents to market. This is to ensure that all the Council policies and procedures are complied with.</p> <p>Clarification included so that Financial Services are consulted to ensure that the correct financial assessment criteria is used within procurement documentation.</p>
14	<p>Procurement Procedures</p> <p>Additional wording provided to ensure that where the flexibilities offered to procure Healthcare Services under the Provider Selection Regime of the Heath and Care Bill are to be used appropriate consultation is undertaken with procurement professionals.</p>
19	<p>Approval and Acceptance of Tenders and Quotations</p> <p>Confirmation is added that when a procurement process is abandoned a report is required to be produced and approved to document the decision.</p>
22	<p>Written Contracts</p> <p>Additional wording included highlighting that Letters of Intent should not be used without consultation with the City Solicitor and Director of Finance.</p>
25	<p>Contract Management</p> <p>Named Contract Manager</p> <p>Inclusion of a requirement to ensure the Authorised Officer names a contract manager for every contract the Council enters in to and a record of this is kept on the Contracts and Grants Registers</p> <p>Contract Management Training</p> <p>Inclusion of a requirement that Officers identified as contacts should complete the Government Commercial College Foundation Contract Management Training which is a free accredited online e-learning</p>

	course.
27	Grants Introduction of a new proforma to be completed for all grants awarded to allow the Council to comply with the new UK Subsidy Control Regime
Table 1	All values updated in line with revised thresholds.

4. CHANGES TO FINANCIAL REGULATIONS

- 4.1 There are a number of proposed changes to Financial Regulations, these are summarised with reasons for changes in the following table and set out as 'tracked changes' at Appendix 2:

Proposed Changes to Financial Regulations	
FR	Summary of Changes
5	Payments to Staff The Strategic Director Corporate Resources can delegate tasks to a designated officer.
6	Banking Arrangements Removal of reference to GIRO accounts
8	Strategic Investments Changes the term State Aid to subsidy control
11	Partnerships Joint Ventures and Companies Makes specific reference to wholly owned companies
14	Better use of Budget Correction of References
16	Capital Expenditure Correction of References Specifies schemes funded by Revenue Budgets
17	Monitoring the Capital Investment Plan Correction of References
18	Income Requirements Business cases need to identify the basis of any proposed charges

30	<p>Information Management</p> <p>Reference to where data is held</p> <p>Additional data security standards identified</p> <p>Reference to the Council's Data Protection Policy</p> <p>New regulation on handling data responsibilities and roles of Information Asset Owners and the Council's Data Protection Officer</p>
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5. FINANCIAL & RESOURCE APPRAISAL

5.1 There are no financial issues arising from this report.

6. RISK MANAGEMENT AND GOVERNANCE ISSUES

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

7. LEGAL APPRAISAL

7.1 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.

7.2 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.

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

7.4 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.

8. OTHER IMPLICATIONS

8.1 There are no implications in relation to the following:

- Sustainability
- Greenhouse Gas Emissions
- Community Safety
- Human Rights Act
- Trade Unions
- Ward Implications

- Area Committee Action Plans
- Corporate Parenting
- Privacy Impact Assessments

9. NOT FOR PUBLICATION DOCUMENTS

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

10. OPTIONS

10.1 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.

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

10.3 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.

11. RECOMMENDATIONS

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

12. APPENDICES

Appendix 1: Proposed Contract Standing Orders 2022/2023 with track changes

Appendix 2 Proposed Financial Regulations 2022/2023 with track changes

13. BACKGROUND DOCUMENTS

13.1 There are no background documents to this report.