

Wiltshire Council

Standards Committee

29 June 2016

Review of Constitution: Financial Regulations and Procurement and Contract Rules

Purpose of Report

1. The purpose of this report is to ask the Standards Committee to consider proposed changes to the Council's Financial Regulations and the procurement and Contract Rules and make recommendations to full council on 12 July 2016 on their adoption.

Background

2. The Constitution is reviewed regularly to ensure that it is fit for purpose. As part of this ongoing review senior officers are consulted to see if they consider any changes are needed.
3. The Associate Directors for Finance and Corporate Function, Procurement and Programme Office have requested a review of the Finance Regulations and Procurement and Contract Regulations in the Council's Constitution to secure better governance. Officers from both directorates have therefore been working alongside legal officers to review these Parts of the Constitution.
4. The approach has been to draft rules that are clear and simple to understand with a consistent layout that set outs the core rules and standards that apply in these areas and more detailed, web-based manuals for staff on how the core rules and standards are to be met. The manuals can then be updated easily as required
5. The Constitution Focus Group met on 21 June and indicated support for the proposed changes, designed to update and simplify the presentation of the regulations and rules.

Main Considerations

6. The draft financial regulations and procurement and contract rules are attached as **Appendix 1 and Appendix 2**. In summary the key points for members to note are set out below.

Financial Regulations

- The regulations will be supported by an online toolkit called the Financial Manual;

- Adds Wiltshire Funding Scheme for Schools (A1.4) and Wiltshire Pension Fund Investments (A1.5) as they are under different regulations;
- Objectives added – financial sustainability and Best Value; reduce corporate risk and ensure sound and proper conduct of financial affairs (A2.1)
- Principles – duty for members and officers to abide by the highest standards of probity in dealing with financial affairs; taking reasonable action to provide for the security of assets and proper use of resources; ensuring awareness and compliance with financial governance arrangements (A3.1- 3.3);
- Maintains the principle that Corporate Directors in conjunction with the Chief Finance Officer (CFO) and Associate Directors are responsible for ensuring compliance with the regulations, manual and all other internal financial requirements by officers and others acting on behalf of the Council in their service areas;
- Full Council adopt and amend the budget and policy framework proposed by Cabinet (B.1);
- Cabinet- discharge executive functions in accordance with the policy and budgetary framework (B2.)
- References to ‘Chief Executive’ ‘ have been replaced by Corporate Directors;
- Responsibility for insurance, corporate risk, and strategic assessment and management of capital assets clarified (B.11.2; 23.1 and 25.1);
- Any unfunded spend (i.e. not within the council set budget), including unfunded grants require Full Council approval;
- Grant income (B12.1) - limits for approval of grants income – prior to signing of grant agreement:
 - up to £500k – Associate Director and CFO;
 - £500k to £1m Corporate Director in consultation with CFO;
 - £1m - £5m Cabinet unless urgent, in which case it is the Leader or Cabinet Member in consultation with the Scrutiny Chair. If not possible the Corporate Director in consultation with Cabinet Member and Scrutiny Chair;
 - over £5m - Cabinet.
 - detailed guidance to be provided in financial manual.
- Grant expenditure (B.12.2) - approval to an external body:
 - Up to £50,000 –Associate Director in consultation with Corporate Director and Cabinet Member;
 - £50,000 to £250,000 Cabinet Member in consultation with Corporate Director,CFO and the Corporate Procurement and Commissioning Board;
 - £250,000 to £1m and above - Cabinet;
 - detailed guidance to be provided in financial manual.

- Writing off debts (B13.1)
 - Up to £100,000 CFO in consultation with Corporate Director;
 - over £100,000 Cabinet Member in consultation with CFO.
 - detailed guidance to be provided in financial manual.

- Corporate Directors in association with CFO and Associate Directors to be responsible for ensuring their service areas comply with the regulations and report any failures to comply to CFO. (B17.)

Procurement and Contract Rules

- Require staff to seek advice from Legal Services and the Strategic Procurement Hub(SPH)(A.3.4);
- Commissioning Officers must comply with these Rules and the online Procurement Manual (A3.9);
- Added the Dynamic Purchasing System (see Definitions);
- Budget Manager responsible for ensuring the Council has funds and other resources to meet all obligations under a contract (A 3.8);
- Includes the Corporate Procurement and Commissioning Board and its role (B5 and Definitions);
- Procurement routes – electronic sourcing system to be used for all new contracts;
- A request for quote procedure may be used for spend below the relevant threshold (EU) – if SPH consider that quotes will not achieve best value they may recommend alternative route (B6.3);
- All reference to quotes and levels have been deleted;
- Use of SAP purchase orders required (B7.2);
- All model contracts to be reviewed annually (B7.5)
- All reference to frameworks, standstills etc. removed as now contained in the online manual.
- All contracts only to be signed by the following (and their nominees in accordance with their Scheme of Sub-Delegation)
 - Solicitor to the Council for all contracts or,
 - Associate Director for Corporate Office, Programme Office and Procurement (B9.5)

- Cabinet approval if:
 - key decision;
 - exceeds annual value of £1m or total contract value exceeds £4m;
 - involves the transfer of 50 or more employees or relates to a matter that is commercially, politically or strategically sensitive; (B9.6)

- Extensions to contracts – advice must be sought from SPH (C12);
- Variations – where EU threshold reached must be a new procurement (C13);
- All variations to be documented (C13.2);
- These rules do not apply to Partnerships or Grants that are approved under the relevant policies and procedures.
- To ensure compliance with these procurement and contracting rules the SPH will arrange a series of procurement training events for council officers to increase procurement awareness and capability.

Safeguarding Implications

7. There are no safeguarding issues arising from this report.

Equalities Impact of the Proposal

8. There are no equalities impacts arising from this report.

Risk Implications

9. The implementation of the proposed financial regulations and contract and procurement rules will strengthen the council's arrangements for the management of corporate risk.

Financial Implications

10. There are no direct financial implications arising from report, but their implementation will strengthen the council's financial governance framework.

Legal Implications

11. The proposed new financial regulations and procurement rules fully reflect the council's obligations in law.

Public Health Impact of the Proposals

12. There are no public health impacts arising from this report.

Environmental Impact of the Proposals

13. There are no environmental impacts arising from this report. Risk implications –

Recommendations:

14. To recommend proposed changes Finance Regulations and Contract and Procurement be adopted by Full Council at its meeting on 12 July, as

detailed in appendix 1 and appendix 2.

Ian Gibbons, Associate Director Law & Governance
**Robin Townsend, Associate Director Corporate Function, Procurement
and Programme Office**
Michael Hudson, Associate Director, Financial Services

21 June 2016

Appendix 1 – Draft Finance Regulations [Link to existing Finance regulations](#)

Appendix 2 – Draft Contract and Procurement Rules [Link to existing
Procurement rules](#)