

ANGUS COUNCIL

ANGUS COUNCIL – 7 DECEMBER 2017

**FINANCIAL REGULATIONS (PROCUREMENT
ARRANGEMENTS) REVIEW – 2017**

REPORT BY IAN LORIMER, HEAD OF CORPORATE FINANCE

ABSTRACT

This Report sets out proposed changes to Angus Council Financial Regulations Section 16 (procurement Arrangements) and Appendix 1 (Delegations and Thresholds), along with some consequential changes to Section 1, following a review and recommends these to Council for approval.

1. RECOMMENDATION(S)

It is recommended that the Council:

- (i) approves the changes proposed to Angus Council Financial Regulations Section 16 and Appendix 1 (along with some consequential changes to Section 1) following a review as summarised and explained in the explanatory document forming Annex 1 to this report
- (ii) notes that revised draft copies of Financial Regulations Sections 1 and 16 and Appendix 1 with the proposed changes shown tracked on them are available to members in the information hub; and
- (ii) authorises the Head of Corporate Finance to give effect to these changes with effect from 3 January 2018 (the first business day for the Council in the New Year), with the exception of the changes to Section 1 which are given backdated effect to 28 July 2017.

2. ALIGNMENT TO THE ANGUS LOCAL OUTCOMES IMPROVEMENT PLAN/CORPORATE PLAN

This report contributes to the following local outcome(s) contained within the Angus Local Outcomes Improvement Plan and Locality Plans:

- A skilled and adaptable workforce
- An inclusive and sustainable economy

3. BACKGROUND

3.1 The Council's Financial Regulations are a key element of the good governance arrangements of Angus Council.

3.2 Section 16 of Financial Regulations sets out (a) the governance framework for Council procurement and (b) the formal delegation arrangements to chief officers of their procurement authorisation and responsibilities. It is also the Council's published standing orders for its contract arrangements (as required by section 81 of the Local Government (Scotland) Act 1973).

3.3 It is also in line with good governance practice to keep Financial Regulations under regular review and to identify and make improvements as and when they are required. To that end a review was carried out earlier this year. It concluded that Section 16 of Financial Regulations was compliant with relevant legislation / good procurement practice and that only minor changes were required. It is nonetheless appropriate to bring these changes to Council now for approval to ensure that Section 16 (and related parts) of Financial Regulations stays up-to-date and aligned to good practice.

4. CURRENT POSITION

- 4.1 An explanatory document written in plain language has been prepared and is attached to this report as **Annex 1**. It sets out the detail of the business case for and assesses the impact of each change to Financial Regulations proposed in the 2017 (Procurement Arrangements) Review.
- 4.2 Draft revised wording has also been prepared for the Financial Regulations. This is not annexed to this report given the length of the documents and the technical language involved. However these are made available to members in the information hub / documents centre as background documents relied upon in the preparation of this report.

5. PROPOSALS

The proposed changes and the reasons for them are fully set out in **Annex 1** to this report. The main points to note, however, are that:

- None of these proposed changes are fundamental. Given the reviews of procurement going on at this time at both Angus and Tayside level, it would not be the right time to do so.
 - The changes however, if approved, will have benefit for officers in terms of more efficient working and are therefore supportive of the Council's Change Programme and our vision to be better, stronger, more sustainable and smaller. by 2020.
 - The main change to note is the proposal to increase the levels of delegation to chief officers to undertake operational procurement activity:
 - ❖ "de minimis" (very small, one-off requirements – minimum bureaucracy): increased from £1,000 to £5,000
 - ❖ Social care / health services – new – chief officer can authorise procurement up to £300,000 (about 50% of the EU threshold), increased from the current £50,000
 - ❖ Construction (including civil engineering) – chief officer's authority is increased from £500,000 to £2,000,000 (about 50% of the EU threshold)
Also for construction works, the contract value threshold where a performance bond is required is raised from £750,000 to £2,000,000
 - ❖ Exemptions – chief officers delegated authority remains at £50,000 but the exemptions co-ordinator's delegated authority is to be a "sliding scale" – goods and services £100,000, social care / health £200,000, construction - £300,000 – reflecting typical contract values in these areas.
- Note: "chief officers" are responsible for staff awareness of and compliance with Financial Regulations. They are defined formally as the Chief Executive and the Strategic Directors but, in practice, operational responsibility is delegated to Heads of Service.
- The business case for and business impact of these changes, including on officer scrutiny by elected members, have been assessed as set out in Annex 1 to this report and found to be acceptable.

6. FINANCIAL IMPLICATIONS

There are no financial implications arising from this report.

NOTE: The following background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report:

- **Revised Section 16 (Procurement Arrangements)** which shows all proposed changes to Section 16 on a "tracked changes" basis
- **Revised Appendix 1 (Delegated Limits and Thresholds)** – as for Section 16
- **Revised Section 1 (General)** – as for Section 16

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List of Appendices:

- **Annex 1 – Explanatory Document.**