

To: Council

Date: 20th February 2012
No:

Item

Report of: Head of Law and Governance/Monitoring Officer

Title of Report: Revised Contract and Finance Rules and other matters

Summary and Recommendations

Purpose of report: To present revised Contract and Finance Rules and other matters for adoption.

Executive Lead member: Councillor Bob Price

Report Approved by: Director of Finance and Efficiency
Head of Finance
Head of Business Improvement

Policy Framework: None

Recommendation(s):

(1) To adopt the revised Contract and Finance Rules appended to this report and to replace with immediate effect the existing Contract and Finance Rules in the Constitution;

(2) That the constitutional amendment proposed at paragraph 18 of this report be also approved with immediate effect.

Introduction

1. The Council's Constitution contains Contract and Finance Rules. This report proposes the adoption of revised sets of Rules and highlights the key changes between the existing Rules and the proposed Rules. The report also proposes one other constitutional amendment to the Council's scheme of delegation.

Key Changes – Contract Rules

2. The Head of Business Improvement has provided the following commentary in relation to the revised Contract Rules –
3. Public liability insurance – this is required for all contracts, in the sum of £5,000,000, unless some other sum is agreed by the Head of Finance.
4. Bond or some other form of guarantee - this is required for 10% of the contract value if the Head of Finance thinks it necessary.
5. Financial appraisal - all contracts over £100,000 require a financial appraisal of the contractor, to be carried out by the Head of Finance.
6. E-tendering portal – this is required to be used for all quotes and tenders (subject to a de minimis of £1,000) in order to provide greater internal transparency of all procurement activity and to enable more suppliers to bid for work. As all tenders will require to be submitted through the portal no tenders will be submitted in paper form and the current rules in relation to the opening and storage of tenders have been amended.
7. The tender acceptance limits have been revised so that they align with the proposed project approval limits in the Finance Rules.

Key changes – Finance Rules

8. The Head of Finance has provided the following commentary in relation to the revised Finance Rules.
9. Responsibilities – these have been revised to make explicit the responsibilities of Directors and Heads of Service and an explanation of the statutory role of the Chief Finance Officer.
10. Non-Compliance – this has been strengthened to make clear the importance of the Rules being adhered to.
11. Budgetary control – these provisions have been strengthened in relation to duties and responsibilities. The virement limits have been increased and heads of Service will be entitled to vire within cost centres without restrictions but subject to a requirement to consult the Head of Finance. Although the present restriction on virement from salary budgets has also been removed to increase the flexibility of cost centre managers to manage service delivery, establishment control procedures will continue to provide a check on overall staff numbers.
12. Revenue overspends – for revenue overspends which cannot be accommodated by virement a supplementary estimate maybe sought from Council. The present Rules are silent on this.

13. Reserves – only the Director of Finance and Efficiency can establish reserves subject to movements being reported through the Statement of Accounts. The present Rules are silent on this.
14. Monitoring of Capital Programme – the present Rules do not include any specific monitoring provisions. The present Rules remedy this and provide for virements between approved schemes, subject to financial limits.
15. Ordering of and payment for goods and services – the proposed Rules reinforce the requirement that official orders must be issued for all goods and services, with only limited exceptions and that the Council's preferred method of payment will be bankers automated credits.
16. Project approval – the limits have been revised and aligned with the revised tender acceptance limits in the Contract Rules. The City Executive Board received a recommendation at its 8th February 2012 meeting to amend its scheme of delegation so as to align the Executive scheme of delegation for project approval and tender acceptance with the limits proposed in the revised Contract and Finance Rules.

Council Scheme of Delegation

- 17, Two changes to Part 5 of the Constitution are required in order to allow officers to decide applications to renew existing planning permissions before expiry where there has been no change of circumstances and to allow Officers to decide applications for minor variations to planning conditions.
18. The text of the Constitution should be amended at paragraph 5.3 (b) to insert the following additional bullet point:
 - *agreeing significant amendments to planning conditions where those conditions were originally imposed by area planning committee*

and at the end of paragraph 5.3 after the words "*the head of city development does everything else*" to insert the following:

".. including deciding applications to renew a planning permission where there has been no change of circumstances."

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Background papers:

Version number: