

APPENDIX 5

SUMMARY OF CHANGES – FINANCIAL STANDING ORDERS AND CONTRACT STANDING ORDERS

Constitutional amendments – May 2007

Amendments, with a brief explanation, are set out below.

Financial standing orders

See separate document for tracked changes.

Section 1 Financial administration

(f) Fees and charges – amended to take account of potential IDM decisions to approve change below rate specified by medium term financial strategy (change also required to part 3D of the constitution)

(h) Internal audit – amended to include references to recently established audit committee

Section 2 Financial planning

(a) Planning process – updated to reflect current arrangements

Section 3 Preparation of the revenue budget

(a) Finance director's responsibilities – updated to reflect current statutory position

(b) Strategic director's responsibilities – updated to reflect current arrangements

(d) Budget timetable and cash limits – updated to reflect current arrangements

Section 4 Setting the annual budget and the council tax

(c) Decision by members – update to include requirement on members not to be in debt in relation to council tax or business rates at time when council tax is being set

Section 5 Monitoring and control of the revenue budget

(b) (ii) Monitoring – updated to reflect current arrangements

(e) Treatment of overspends and underspends – amended to bring into line with current arrangements as per business managers' handbook

Section 8 Monitoring and control of the capital programme

(b) Reporting requirements – updated to reflect current arrangements

Glossary

Minor amendment to definition of ODPM to reflect current position

Minor updating and clarification of terminology

Replace 'strategic director of education' with 'strategic director of children's services'

Minor amendments to title page, contents page

Contract standing orders

See separate document for proposed version.

Key changes are summarised below and details are shown in the table below:

Decision making process

The proposed contract standing orders amend the decision making role of IDMs and formalise the role of the Corporate Contracts Review Board (CCRB) and Departmental Contract Review Boards (DCRBs). Decisions are proposed to be taken by the executive or executive committee, IDM, finance director or chief officer(s), after taking advice from the CCRB/DCRBs; or as specified elsewhere in constitution. The details of the role of the CCRB and DCRBs are still to be finalised, but their terms of reference will not form a part of the constitution.

Thresholds

These have been increased in relation to

- the requirement to use gateway 1 and 2 reports (from £50,000 to £75,000);
- the requirement to obtain 3 written quotes (from £49,999 to £74,999);
- the requirement to obtain 5 tenders (from £50,000 or above to £75,000 or above; and
- the definition of strategic procurement. (from contract value over £2 million for non-works and £10 million for works to contract value over £4 million for non-works and £15 million for works)

Projects and partnerships

All references to projects and partnerships have been removed. The procurement elements of projects and partnerships continue to be governed by CSOs, but there will need to be separate governance arrangements to address non-procurement issues.

Structure

A number of changes have been made to the structure in an attempt to make the document easier to follow and links to the Gateway processes have been made clearer.

There are also three new sections:

- List of contents
- 4.1 Overview of procurement process – identifies main stages of all non-emergency procurements
- 6.2 exceptions to tender requirements

The following sections have been deleted:

- 4.3 Report of estimates
- 7.6 Document retention.

For further details, see the table below.

Comparison of proposed contract standing orders with current contract standing orders

Proposed CSO reference	Current section and Comments
List of contents	New section
Introduction	Introduction. Minor changes for clarification and part moved to CSO1
CSO1 When do CSOs apply?	CSO1 (when do contract standing orders apply?). Minor presentational changes and includes circumstances when CSOs do not apply which were previously included in Introduction
CSO2 General Principles	
2.1 Compliance with relevant statutory and corporate requirements	Includes 2.2 (compliance with legislation etc), 2.3 (best value), part of 2.4 (consequences of non-compliance), part of 6.1 (general requirements) and 7.1 (tender requirements)
2.2 Consequences of non-compliance	Includes part of 2.4 (consequences of non-compliance)
2.3 General principle of contract decision making	Includes 2.5 (contract award), 2.8 (authority to spend)
2.4 Contracts in writing	CSO10 (contracts in writing) – this and article 14.04 of constitution amended to be consistent
2.5 Record keeping	Includes 3.6 (register of approvals) – now simplified; 8.2 (record of decisions)
2.6 Lead contract officer	2.6 (lead contract officer) – now simplified (details to be included in Procurement Guidelines)
2.7 Authority to act in line with scheme of management	2.7 (delegated authority) – now simplified
2.8 Declarations of interest	CSO9 (declarations of interest)
2.9 Maintenance of CSOs	2.1 (maintenance of CSOs) – amended to be consistent with article 15.03(d) of constitution
CSO3 Particular types of contract	
3.1 Corporate contracts	5.1 (corporate contracts)
3.2 Consortium contracts	5.3 (consortium contracts) – now simplified
3.3 Framework / schedule of rates contracts	5.2 (framework / schedule of rates) – simplified
3.4 Health & social care and	5.4 (social services care and certain education contracts) – simplified

Proposed CSO reference	Current section and Comments
education Spot contracts	
CSO4 Approvals processes	
4.1 Overview of procurement process	New section to provide overview
4.2 Gateway and other reports	Includes part of 3.3 (content of approval reports), part of 8.1 (written reports & concurrents)
4.3 Supplemental advice from other officers in Gateway and other reports	Includes part of 3.3 (content of approval reports), part of 8.1 (written reports & concurrents)
4.4 Decision on procurement strategy – Gateway 1	Includes part of 3.4 (who makes approval decisions), part of 8.1 (written reports & concurrents), part of 8.3 (chief officer decisions), part of 8.4 (non chief officer decisions – decision to proceed with procurement process A-C). Where contract value is at or above revised strategic procurement level, decision to be taken by executive or executive committee; where contract value is below this but above current strategic procurement level, decision to be taken by IDM (and not by executive as at present); decision re single tender/negotiation to be taken by finance director, with advice from CCRB and not IDM; corporate and cross-departmental contracts over £500k now to be decided by finance director, with advice from CCRB and not individual strategic directors
4.5 Decision on contract award – Gateway 2	Includes part of 3.4 (who makes approval decisions), part of 8.1 (written reports & concurrents), part of 8.3 (chief officer decisions), part of 8.4 (non chief officer decisions – decision on contract award D-E). Where contract value is at or above revised strategic procurement level, decision to be taken by executive or executive committee; where contract value is below this but above current strategic procurement level, decision to be taken by IDM (and not by executive as at present); member decisions in respect of awards to other than lowest bid now to be taken by finance director, with advice from CCRB or by strategic director if below EU threshold for works or below £500k for supplies & services; corporate and cross-departmental contracts over £500k now to be decided by finance director, with advice from CCRB and not individual strategic directors
4.6 Decision to allow variations during contract term	Includes part of 3.4 (who makes approval decisions), part of 8.1 (written reports & concurrents), part of 8.3 (chief officer decisions), part of 8.4 (non chief officer decisions – decision to allow

Proposed CSO reference	Current section and Comments
	variations F). Former executive/IDM decisions now taken by finance director, but are advised in writing to executive members
4.7 Exemptions	Includes 3.1 (general) and 3.2 (exemptions)
4.8 Emergencies	Includes 3.5 (emergencies)
CSO5 Requirements to obtain tenders or quotes depending on type of contract and levels of contract value	
5.1 Contracts less than £5,000	6.2(a) (estimated contract value less than £5,000), 6.3(a) works contracts below EU threshold – less than £5,000)
5.2 Contracts from £5,000 to £74,999	6.2(b) estimated contract value between £5,000 to £49,900), part of 6.3(b) (works below EU threshold - £5,000 to £50,000) – and threshold amended
5.3 Works contracts and works-related services above £75,000 below EU threshold	Part of 6.3(b) (works contracts below EU threshold)
5.4 All contracts not falling within 5.1 to 5.3 above	6.2(c) (estimated contract value £50,000 or above)
CSO6 Tender procedure	
6.1 e-procurement	Includes 7.5 (electronic tendering)
6.2 exceptions to tender requirements	New section
6.3 requirements for tenderers	Includes 7.2 (requirements for tenderers)
6.4 tender opening	Includes part of 7.3 (tender opening)
6.5 tender opening	Includes part of 7.3 (tender opening)
6.6 late tenders	Includes 7.4 (late tenders)

Proposed CSO reference	Current section and Comments
Definitions	Definitions. Moved from front of document and updated (include 4.1 and 4.2 within estimated contract value definition)