

NORTH YORKSHIRE COUNTY COUNCIL**AUDIT COMMITTEE****24 SEPTEMBER 2015****REVIEW OF FINANCE, PROPERTY AND CONTRACT PROCEDURE RULES****Report of the Corporate Director – Strategic Resources****1.0 PURPOSE OF REPORT**

- 1.1 To inform Members on the latest thinking relating to potential changes to the Finance, Property and Contract Rules (the Rules).

2.0 BACKGROUND

- 2.1 According to the Audit Committee Terms of Reference the Audit Committee is to “review, and recommend to the Executive, changes to Contract, Finance and Property Procedure Rules”.
- 2.2 It has previously been indicated that the intention is to try and ensure a comprehensive review of the Rules following shortly after County Council elections every four years. It is recognised, however, that in the interim there will be a need to ensure that the Rules are kept up to date for organisational and legal reasons etc.
- 2.3 This report was intended to identify specific changes to the Rules and for subsequent referral to the Executive. However, a number of areas remain “in flux” and it has therefore not been possible to produce revised wording for the Audit Committee to consider at this stage. It may also be more practical to bring forward Contract, Finance or Property Procedure Rules separately as and when they are available as the drivers for the changes are often completely separate.
- 2.4 As a result of the above, this report seeks to give members of the Audit Committee an overview of the thinking behind changes which are likely to be made on the Rules in the near future.

3.0 PROPOSED FUTURE CHANGES**3.1 Property Procedure Rules**

- 3.1.1 The Property Procedure Rules were originally created when the structure relating to property was significantly different. A restructure is currently being concluded on the Corporate Property function, at which point it will be possible to ascribe responsibility to particularly posts.

3.1.2 It is intended to review the Property Procedure Rules to ensure that decisions are taken with the appropriate level of authorisation particularly around the respective responsibilities of Executive and Executive Members, Corporate Director – Strategic Resources and then deminimus levels for approval by those staff within the Corporate Property team. This will also encompass communication of such decisions and will ensure that the decisions and the reasons behind them are transparent. It also needs to look at how we deal with the transfer of schools to academy trusts which was an issue not originally envisaged.

3.1.3 The review will also take into account revised estate management arrangements which are due to come into effect on the 1 April 2016 following the procurement of services to follow on from the current Jacobs / Bruton Knowles contract.

3.2 Contract Procedure Rules

3.2.1 The Contract Procedure Rules govern how we procure goods, services and works, and have been reviewed from time to time without significant change. Most changes arise in relation to OJEU procurement processes in response to changes in The Public Contracts Regulations. The latest significant amendments were the implementation of The Public Contracts Regulations 2015 earlier this year.

3.2.2 The Corporate Procurement Strategy sets the vision “to be outcome focussed, ensuring that all commissioning, procurement and contract management activity delivers value for money and efficiencies for the Council”.

3.2.3 It is intended to carry out a comprehensive review of the Contract Procedure Rules to ensure that they are practical and appropriate at all levels of expenditure, enabling the Council to deliver that vision. It will aim to allow Officers the appropriate amount of flexibility to be commercial and deliver best value for money for the Council. Any changes proposed will continue to make sure that procurement decisions are taken with the appropriate level of authorisation, ensuring that the decisions and the reasons behind them are correct and transparent. There are, however, no imminent changes being proposed.

3.3 Finance Procedure Rules

3.3.1 A new finance structure has been implemented from July 2015. As part of the wider 2020 Finance programme, business intelligence dashboards, forecasting and financial planning technology will be deployed to improve the way in which officers operationally manage and monitor budgets.

3.3.2 In this context, it is intended to review the Financial Procedure Rules to update the budgetary control principles to reflect more modern ways of working, and to ensure that decisions are taken with the appropriate level of authorisation, particularly around Executive Member responsibility around debt write-off levels. The review will also incorporate refreshing the approach

used for the development and determination of the allocation of resources to services through the Medium Term Financial Strategy.

4.0 RECOMMENDATIONS

4.1 Members of the Audit Committee are requested to note the contents of the report and to offer any observations in advance of a formal request for changes to the Rules.