

## APPENDIX 4A

### THE CONTRACT PROCEDURE RULES

- 1.1 The Contract Procedure Rules (CPR) have been amended generally to reflect the Directorate structure changes. Certain amendments have also been made to the terminology and phraseology, along with stylistic amendments, to ensure consistency within the CPR themselves and the other Rules for example, to refer to “the CDFCS” and “the HLS” rather than just “CDFCS” and “HLS”.
- 1.2 New definitions have been included in CPR 1.0 (Introduction) to reflect changes made in the body of the Rules.
- 1.3 CPR 2.8-2.10 (General) have been removed, as they are now included in CPR 16 which was approved by full Council in October 2006.
- 1.4 CPR 7.0 (Quotations) has been amended to incorporate specific provisions re the engagement of professional consultants (excluding Counsel), as recommended in the model Contract Procedure Rules recently issued by CIPFA (see CPR 7.10).
- 1.5 New CPR 16.4 - 16.7 cover the role of Directorate Procurement Champions, Annual Procurement Plans, and the Contract Register. These reflect in CPR the procedures developed by the Corporate Procurement Members Working Group.
- 1.6 A new CPR 17.0 covers the issue of declarations of interests by Members and Officers in relation to contracts with the Council. This suggested amendment again stems from the CIPFA model Contract Procedure Rules.

### THE FINANCIAL PROCEDURE RULES

- 2.1 The Financial Procedure Rules (FPR) have been amended generally to reflect the Directorate structure changes. Other changes are suggested to make the terminology within the FPR more contemporary and consistent with that used in the other Rules.
- 2.2 FPR 1.2, the definition of “Procurement Manual” the reference to the HLS has been replaced with the CDFCS (as Director with lead corporate responsibility for Procurement).
- 2.3 FPR 2.1, the definition of "Trading Unit": the inclusion of this definition perhaps encouraged Units to believe that they were exempt from the "normal" Rules. To a degree, all Business Units are, or at least can be, Trading Units, therefore it is proposed to abandon this definition as it does not add anything to the Rules and perhaps creates some problems of its own. It is therefore proposed that references to "Trading Unit" throughout the document be removed.
- 2.4 FPR 4.2 (Responsibilities): now refers to the LMS Procedure Rules as they have been formally introduced. The reference to Community Education Service has been removed as it no longer exists and its successor is no longer within the LMS Scheme.
- 2.5 FPR 4.7 is new to reflect the responsibilities of the S 151 Officer under Sections 25/28 of Part 2 of the Local Government Act 2003.
- 2.6 FPR 5.0 has been updated to reflect the Medium Term Financial Strategy process.

- 2.7 FPRs 6.0 and 7.0 define the processes relating to the Revenue Budget and Capital Plan. These need to be updated to reflect changes in these processes. The sections will therefore be redrafted once the current Budget cycle is completed and be brought forward after reference to the Audit Committee.
- 2.8 FPR 6.10 (Incurring Expenditure/Collecting Income) has been amended to increase the £40,000 threshold to £50,000 and also to make it clear that "Service Area" means service areas within a Directorate.
- 2.9 FPR 6.27 and 7.18 (Grant Applications and Claims) - new paragraphs are suggested requiring Directors to keep appropriate records to enable grant claims to be audited.
- 2.10 FPR 7.0 (Capital Plan) Preamble and 7.6: the reference to Corporate Asset Management Plan has been deleted (as it no longer exists) and "Asset Management Planning Framework" substituted.
- 2.11 Some typographical errors in FPR 6.2, 7.2 and 7.8(d) have already been corrected under the Head of Committee Services' delegated powers.
- 2.12 FPR 7.13(i): the reference to "Head of Building Design and Management" has been deleted as the post no longer exists.
- 2.13 FPR 8.4 (Assets – Leasing Agreements): the obligation here previously was only to take reasonable steps to comply with leasing agreements. Whilst recognising that the terms are sometimes too weighted in favour of the leasing company and that normal use of the vehicle more or less guarantees breach of the lease terms, the reference to taking reasonable steps has been deleted. The final sentence has also been amended to include a £250 threshold value over which leased assets must be included on the inventory.
- 2.14 FPR 8.8 (Disposal of Assets): amendments suggested to the threshold values.
- 2.15 FPR 9.3 and 9.4 (Inventories and Stores): amendments suggested to the threshold values.
- 2.16 FPR 11.2 (Income): an annual review of fees and charges is not always the most appropriate process, as a triennial review can sometimes be more effective. This Rule has therefore been amended to refer to a review annually, or as otherwise agreed by the CDFCS.
- 2.17 FPR 11.5-11.6 (Debt Write-Off): amendments suggested to the threshold values.
- 2.18 FPR 12.4 (Petty Cash): suggests that the £25 purchase limit be increased to £100.
- 2.19 FPR 14.0 (Treasury Management) has been updated to refer to the Annual Treasury Management and Investment Strategy and Prudential Indicators.
- 2.20 FPR 15 (Voluntary Funds): clarification of the treatment of those voluntary funds registered with the Charity Commissioners and those not so registered.
- 2.21 FPR 16.2(ii): this Rule has been deleted, as it did not reflect actual practice regarding the reporting of indemnities. Indemnities are given frequently both within, for example, leasing documents, service contracts, IT contracts, as well as "stand alone" indemnities for visits and the like. Not every indemnity is subject to dialogue with Financial Services, nor is every indemnity capable of being covered by insurance.

- 2.22 FPR 17: (Risk Management) has been updated to reflect the current arrangements for the preparation and maintenance of Risk Registers.
- 2.23 FPR 18.9: the reference to the Audit and Corporate Policy Overview and Scrutiny Committee has been removed and replaced with a reference to the Audit Committee, given the Audit Committee's new role in relation to the Contract, Financial and Procedure Rules.
- 2.24 A new FPR 18.10 makes explicit reference to the Council's Counter Fraud Strategy.
- 2.25 FPR 18.11 (Money Laundering): the majority of the paragraphs relating to money laundering have been combined into a new Preamble. The amendments to FPR 18.11 are intended to clarify that the requirement to consider reporting in the circumstances specified stems from the Council's Anti-Money Laundering Policy and Guidance Note, not the money laundering legislation itself.
- 2.26 FPR 19.1 (Revision of the FPR): provides for an "annual", rather than "regular", review of the Financial Procedure Rules.

## **THE PROPERTY PROCEDURE RULES**

- 3.1 The Property Procedure Rules (PPR) have been amended generally to reflect the Directorate structure changes. Certain amendments have also been made to the terminology and phraseology, along with stylistic amendments, to ensure consistency within the PPR themselves and the other Rules for example, to refer to "the CDFCS" and "the HLS" rather than just "CDFCS" and "HLS".
- 3.2 PPR 2.5 has been amended to refer to an annual, rather than regular, review of the Rules.
- 3.3 PPR 6.1.6 has been amended to also refer to the grant of a licence to assign or sublet, for the sake of clarity.
- 3.4 On 1 October 2006, the responsibility for property transferred from the Corporate Director Business and Environmental Services to the Corporate Director Finance and Central Services. The Rules have been amended throughout to reflect this change. The amendments primarily substitute "CDFCS" for "CDBES", however other changes are required where the CDFCS was previously a consultee:
- PPR 8.4.6 (Tender Evaluation): the wording re the consultation aspect of this Rule has been amended to say that the CDFCS shall consult the Surveyor;
  - 8.4.8(a) (Post Tender Negotiations): previously, the CDFCS was a consultee for the CDBES. The Rule has therefore been amended to refer to the CDFCS only.
- 3.5 The PPR did not previously cover mortgages. Whilst it might have been possible to treat mortgages as acquisitions or disposals (depending upon whether the Council is mortgagee or mortgagor) it is preferable to deal with them separately. A new PPR 9 re mortgages has therefore been included, along with amendments to the definitions of "Acquisition" and "Disposal" in PPR 1.1. The previous FPR 9 has been renumbered and the Index amended.

## PROPOSED CHANGES INVOLVING FINANCIAL LIMITS

FPR Reference	New Wording Proposed	Current Limit £	Proposed Limit £
6.10	Any changes to the existing staffing arrangements either in terms of the number of posts and/or their grade shall be approved by the Director in consultation with the Portfolio Holder if they general additional full year costs in excess of £50,000. Where staffing changes involve a package of changes, or cover more than one Business Unit or other service area within a Directorate a single approval should be sought before any commitments are made. The limit, for the purposes of this Rule, shall be determined by reference to the total value of the proposal including on-costs	40,000	50,000
8.8	A Director may dispose of any asset if its estimated disposal value of £10,000 or less (see <b>Rule 8.9 and 9.3</b> ). If the estimated disposal value: <ul style="list-style-type: none"> <li>(i) is greater than £10,000 but less than £100,000 then a Portfolio Holder may authorise the disposal following consultation with the Director and with the approval of the CDFCS.</li> <li>(ii) Is £100,000 or greater then the approval of the Executive is required</li> </ul>	6,000	10,000
8.9	A Director may dispose of a number of assets simultaneously if their aggregate estimated disposal value of £10,000 or less. If the estimated aggregate disposal value exceeds £10,000 then the provisions of <b>Rule 8.8</b> shall apply as appropriate.	6,000	10,000
9.3	A Director may arrange for the disposal of unrequired stock or inventory items up to a limit of estimated value of £10,000 in any period of three consecutive calendar months. Above that figure, <b>Rules 8.8</b> and <b>8.9</b> shall apply.	6,000	10,000

FPR Reference	New Wording Proposed	Current Limit £	Proposed Limit £
9.4	A Director and CDFCS shall be authorised jointly to write off stock and inventory deficiencies up to a limit of £10,000 in any period of three consecutive calendar months. The approval of the Portfolio Holder is required where the value is greater than £10,000 and the approval of the Executive is required where the value is £100,000 or greater.	6,000	10,000
11.5	<p>Approval to write off an individual debtor amount may be given by the CDFCS subject to the following limits:</p> <ul style="list-style-type: none"> <li>(i) for a value up to and including £100, on the recommendation of the Credit Control Manager</li> <li>(ii) For a value over £100 but less than £5,000 on the recommendation of a Director</li> <li>(iii) For a value of £5,000 or more but less than £25,000 on the recommendation of a Director, after consultation with the relevant Portfolio Holder</li> </ul>	-	100
11.6	Write-offs for an individual debtor worth £25,000 or more will require the approval of the Executive.	10,000	25,000
12.4	Individual petty cash purchases must not exceed £100 per item and must be supported where possible by authenticated receipts.	25	100