

**WEST DUNBARTONSHIRE COUNCIL****Report by Strategic Lead - Resources****West Dunbartonshire Council Committee: 28 August 2019**

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**Subject: Update of the Financial Regulations****1. Purpose**

- 1.1** The purpose of this report is to seek approval for the revised Financial Regulations.

**2. Recommendations**

- 2.1** It is recommended that the Council:

- a) approves the revised Financial Regulations, as attached to this report for implementation on 15 September 2019; and
- b) delegates authority to the Strategic Lead – Resources, together with the Strategic Lead – Regulatory, to make necessary amendments to the appropriate terms of the Financial Regulations relative to EU procurement law should the United Kingdom leave the European Union.

**3. Background**

- 3.1** The Council is required in terms of section 81 of *The Local Government (Scotland) Act 1973*, to have Standing Orders with respect to making contracts and in terms of section 95, to make arrangements for the proper administration of its financial affairs - the Financial Regulations.
- 3.2** The Council's Financial Regulations were last updated in October 2017.
- 3.3** The proposed revisions are mainly in relation to Section Q – Procurement and reflect current procurement legislation, case law, current best practice and guidance, to provide clear processes over financial management practice. The Financial Regulations should be read in conjunction with the Council's Standing Orders.

**4. Main Issues**

- 4.1** The Financial Regulations have been fully reviewed and updated and the layout refreshed. Many of the updates relate to job title changes, together with updating to recognise wider uses of electronic processes, etc. In addition a new regulation (Section A3 of the attached) has been added in relation to a deputy Section 95 Officer – which is in line with best practice as advised by CIPFA.

**4.2** Section G has been updated to reflect the following modern business practices:

- Official requisition or order will not be required for purchasing cards; and
- Certifying payment of invoices will be undertaken by either: an authorised officer via a manual or electronic process; or via electronic invoice matching to the purchase order within a system.

**4.3** The most significant of the proposed revisions, within Section Q – Procurement, and the effect of the changes are as follows:

<b>Revisions</b>	<b>Effect</b>
Updating the roles and responsibilities of the Procurement Manager; Strategic Lead – Regulatory and Strategic Directors (Chief Officers) relative to procurement.	Ensures clarity of roles and responsibilities.
Introduction of social and other specific services and emergency placements provisions.	Allows the Strategic Director or Chief Officer (HSCP), in consultation with the Procurement Manager, to direct award without competition in line with all relevant legislative requirements.
Increase the Quick Quote (online procurement process for quotations) limit for works contracts to £0.500m from £0.050m.	To provide a potentially faster turnaround time and more opportunities for local small / medium sized enterprises to be awarded the contracts.
Introduction of Contract Strategy and Contract & Supplier Management provisions.	To ensure that basic project management provisions are adhered to.
Introduction of advanced payments provisions.	Provides a level of flexibility for the Council should it be required. Advance payments to firms should be exceptional and should only be considered if a Best Value case can be made for them.
Introduction of contract variations provisions.	Sets-out a process for officers to follow when there is an increase in a contract value.

**4.4** By raising the threshold for works contracts to £0.500m for Quick Quotes, the Council will be able to target local companies and thus support the Council's

strategic priority of 'A strong local economy and improved job opportunities'. This will be done in tandem with:

- a quarterly communication to local small and medium enterprises (SMEs) about the Council procurements in the next 2 quarters;
- a process where suppliers and providers to the Council, for spend above £1.000m and works contractors for spend above £4.000m, have to advertise their supply chain opportunities to local SMEs to express an interest in joining the supply chain; and
- running a "Meet the Buyer" events to local SMEs at least annually.

**4.4** It is proposed that the revised Financial Regulations will take effect on 15 September 2019 to allow appropriate guidance, etc. to be updated following approval.

**4.5** Members will be aware of the ongoing discussions around the continued membership of the United Kingdom of the European Union. Should the United Kingdom leave the European Union there may be changes to procurement legislation. In such circumstances, it is recommended that the Strategic Lead - Resources and Strategic Lead - Regulatory should be delegated responsibility to make necessary amendments to the appropriate terms of the Financial Regulations to reflect any such legislative changes.

## **5. People Implications**

**5.1** Subject to the approval of the recommendations of this report, appropriate procurement awareness training course content will be updated and guidance will be made available to staff involved in the procurement of goods, works and services on behalf of the Council.

## **6. Financial and Procurement Implications**

**6.1** There are no direct financial or procurement implications arising from this report however implementing the proposed revisions in this report will provide greater clarity on roles, responsibilities and procedures relating to procurement.

## **7. Risk Analysis**

**7.1** The revisions will introduce greater clarity of procurement which will minimise the risk of breach of procurement regulations and the risk that best value is not being achieved.

## **8. Equalities Impact Assessment (EIA)**

**8.1** There are no equalities impacts in relation to this report.

## **9. Consultation**

**9.1** The Council's Corporate Management Team has been consulted in relation to this report.

## **10. Strategic Assessment**

**10.1** The revisions contributes to the Council's strategic priorities for 2017 – 2022:

- A strong local economy and improved employment opportunities;
- Supported individuals, families, and carers living independently and with dignity; and
- Open, accountable and accessible local government.

The proposed revisions to the Financial Regulations will ensure that the Council operates best practice procurement policies and procedures which will enable the Council to lever its spend to optimise contribution to the Council's strategic priorities.

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Date: 31 July 2019

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<b>Appendix:</b>	Revised Financial Regulations
<b>Background Papers:</b>	Financial Regulations – October 2017; Financial Regulations – December 2016; Financial Regulations – October 2013; Financial Regulations – November 2011; Financial Regulations – June 2011; and Financial Regulations – June 2006.
<b>Wards Affected:</b>	All Council Wards.