

Mayoral Combined Authority Board

06 June 2022

Revised Financial Regulations and Contract Procedure Rules

Is the paper exempt from the press and public?	No
Reason why exempt:	Not applicable
Purpose of this report:	Governance
Is this a Key Decision?	Yes
Has it been included on the Forward Plan?	Yes

Director Approving Submission of the Report:
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Executive Summary

This report recommends the adoption of revised Financial Regulations and Contract Procedure Rules for the MCA Group.

In approving their adoption the Group will be ensuring that these core Constitutional documents reflect the latest changes in the regulatory environment whilst also supporting the integration process.

Adopting a common rule book across the MCA Group will better allow officers to work efficiently across the MCA Executive and SYPTE ahead of the formal integration.

What does this mean for businesses, people and places in South Yorkshire?

The Financial Regulations and Contract Procedure Rules set out the terms and procedures through which the MCA will deploy its financial resource in an efficient and effective manner.

Recommendations

1. *Approve the adoption across the Group of the revised Financial Regulations*
2. *Approve the adoption across the Group of the revised Contract Procedure Rules*

1. Background

- 1.1 The Financial Regulations and Contract Procedure Rules are core Constitutional documents of both the MCA and SYPTE. Whilst part of one Group, both entities have similar but different documents.
- 1.2 The documents detail how the Group will manage its financial affairs and how it will acquire goods and services in pursuit of its objectives. The documents define procedure and the roles of officers and elected members.
- 1.3 Both documents are shaped by the external regulatory environment and internal governance. The documents are an integrated part of the wider Constitution and should be read in conjunction with other key documents such as the Scheme of Delegation of Functions to Officers.
- 1.4 Both documents are intended to provide an efficient and effective framework through which the Group will conduct its affairs. The documents balance the need for compliance with internal rules and the external regulatory environment with the need for responsive decision making that supports wider objectives.
- 1.5 As part of the process for the integration of the MCA and SYPTE into one new organisation the Financial Regulations and Contract Procedure Rules have been reviewed with the intention of adopting one common rule book.
- 1.6 Adopting one rule book now will allow officers to begin aligning core processes and procedures across both entities to push the integration in practical ways ahead of the formal integration.
- 1.7 The documents appended to this report reflect the proposed Financial Regulations and Contract Procedure Rules for both the MCA and SYPTE. It is intended that the documents are adopted by both bodies, noting that there may be particular instances around roles that require some differentiation in SYPTE.
- 1.8 The documents have been developed by officers from across the Group and take account of internal audit recommendations. In a number of places the documents have also been amended to reflect changes to the previously approved Scheme of Delegation and regulatory changes, particularly around the UK's exit from the European Union.

2. Key Issues

Financial Regulations

- 2.1 The Financial Regulations set out the way in which the MCA will manage its financial affairs. The Regulations are a Constitutional document and it is a requirement that the Regulations are adhered to.
- 2.2 The Regulations set out procedures and detail the roles and responsibilities of both officers and Members.

- 2.3 The MCA's Financial Regulations were last reviewed in 2019. Since that point there have been a number of changes in the MCA's operating environment as the Scheme of Delegation has been revised, systems have been changed, and structures amended.
- 2.4 Most notably, since 2019 the Finance teams of the MCA and SYPTE have been brought together under unified leadership with growing collaboration: sharing common systems and personnel to enable Group wide financial management, monitoring, and reporting.
- 2.5 To support this ongoing alignment ahead of the formal integration, and upon the dissolution of SYPTE, the next practical step is to adopt a common rule book. This will support greater standardisation of processes and procedures.
- 2.6 The Financial Regulations as presented in the appendix represent the considered work of officers from both organisations and the unified leadership team. The Regulations see some stylistic revisions to provide more clarity on roles and responsibilities and are updated for practical changes that have occurred since the last reporting date including the revised Scheme of Delegation.
- 2.7 It is intended that the Regulations be adopted by both organisations, although noting that some Scheme of Delegation differentiations will remain due to statutory roles within SYPTE.
- 2.8 Adoption of the Regulations now will increase the pace and quality of existing integration activity and enable a smooth transition at the formal legal integration date.

Contract Procedure Rules

- 2.9 All public bodies are required to set Contract Procedure Rules (CPRs). These rules set the parameters through which public bodies will acquire goods and services and detail the formal processes through which they will go to ensure compliance with regulation and good practice.
- 2.10 CPRs form part of each public authority's suite of constitutional documents and in the case of the MCA can only be revised following approval from the Board.
- 2.11 The MCA's CPRs were substantially changed and readopted in November 2020, representing an important milestone in the MCA's maturity as it moved away from those processes and ways of working adopted in its formative stage when support services were provided by other authorities.
- 2.12 Since this point the procurement and contracting activity of the MCA has continued to evolve as it began to closely collaborate with SYPTE ahead of the formal integration.
- 2.13 Over this time Procurement, Contracting, Finance, and Legal officers from both entities have come together to offer one standardised service for the entire Group. This early alignment and collaboration has allowed for systems, frameworks, and personnel to be efficiently shared.

- 2.14 As with the Financial Regulations, this report recommends the adoption of new Contract Procedure Rules for the Group to offer a common rule book on the procurement and sourcing of goods and services.
- 2.15 The existing CPRs have been reviewed by officers from across both entities and considered against the proposed integrated operating model, external regulatory changes, and a number of internal audit recommendations.
- 2.16 The proposed CPRs are presented as an appendix to this report. The revised document contains a number of structural changes, with process matters removed from this governance document to an officer Procurement and Tender Manual, and procedural changes to reflect the new integrated operating model setting out roles and responsibilities.
- 2.17 The revised document removes reference to EU compliance requirements where appropriate and reinforces social value principles. An adjustment is also made to tender thresholds following a review of peer authorities and recognising both the impact of inflation and the desire to support local businesses wherever possible.
- 2.18 Adoption of the revised CPRs offers the opportunity to work more efficiently, ironing out differentiations and ensuring that decision making frameworks and operating models are properly aligned.
- 2.19 It is intended that both the MCA and SYPTE work to the new CPRs, although noting that some differentiations may persist in SYPTE due to statutory roles.

3. Options Considered and Recommended Proposal

3.1 Option 1

Adopt the revised Financial Regulations and Contract Procedure Rules across the Group.

3.2 Option 1 Risks and Mitigations

Adoption of the revised documents will require the MCA to r

3.3 Option 2

Reject the revised Financial Regulations and Contract Procedure Rules.

3.4 Option 2 Risks and Mitigations

Rejection of the revised documents may impact upon the efficient and effective delivery of services across the Group as differentiated ways of working persist across the two entities supported by unified teams.

3.5 Recommended Option

Option 1

4. Consultation on Proposal:

- 4.1 The Contract Procedure Rules are designed to reflect previous engagement with Board around social procurement and contracting.

5. Timetable and Accountability for Implementing this Decision

5.1 The Director of Finance and Investment will implement these recommendations immediately.

6. Financial and Procurement Implications and Advice

6.1 This a report of the Director of Finance and Investment, the details of which are covered in the main body of the report and the appendices.

7. Communications and Marketing Implications and Advice:

7.1 None.

List of Appendices Included

- A Revised Financial Regulations
- B Revised Contract Procedure Rules