

FINANCIAL REGULATIONS REVIEW

Presented by the Head of Finance

SUMMARY

The purpose of this report is for Members to consider and approve changes to Financial Regulations. Financial Regulations should be relevant and up to date and continue to meet requirements under the Chartered Institute of Public Finance & Accountancy's (CIPFA) Code of Practice. This review focusses on the Authority's Financial Regulations related to procurement, including compliance with the new Procurement Act (2023) and changes to procurement thresholds.

RECOMMENDATIONS

- Members Approve:
- (1) the revised Financial Regulations as set out in Appendix A to this report;
 - (2) implementation of the new thresholds and any other changes not specifically related to the Procurement Act (2023), as detailed in paragraph 6 of this report, from 25 October 2024;
 - (3) all other changes as detailed in paragraph 5 of this report, to take effect when the Procurement Act (2023) comes into force (currently 24 February 2025); and
 - (4) delegation to the Deputy Chief Executive and/or the Head of Finance to make any minor changes to Financial Regulations to assist in interpretation or clarification or to correct any administrative errors or omissions that have been overlooked, or to make any minor changes in line with the Procurement Act (2023) when it comes into force.

BACKGROUND

- 1 The Lee Valley Regional Park Authority was created by a private act of parliament, the Lee Valley Regional Park Act 1966 (the Park Act), which provides that the Authority may make Financial Regulations with respect to the

operation of its finances.

- 2 The Authority's present Financial Regulations were last revised in October 2020 (Paper A/4287/20) following the retirement of the Director of Finance & Resources and the commencement of the Service Level Agreement with the London Borough of Enfield for the provision of financial management and accountancy support including undertaking the role of Section 151 officer on behalf of the Authority.
- 3 The Executive Committee considered the updated Financial Regulations in September 2024 (Paper E/862/24 – attached as Appendix B to this report) and recommended them to Authority for approval.
- 4 On 12 September the Government announced that the Procurement Act (2023) would come into force from 24 February 2025, delayed from the planned date of 28 October 2024. This is to allow time for a new National Procurement Policy Statement to be produced.
- 5 Therefore, the changes related to the Procurement Act (2023) will be implemented on 24 February 2025, or when the Act comes into force if different to this date. These are detailed in Appendix A to this report and highlighted yellow:
 - FR 551, 560, 561, 563-567, 571-573, 576, 579, 581, 582, 589, 591, 597, 598, 606
- 6 The changes to thresholds and any other items not specifically related to the Procurement Act (2023) can be implemented immediately. These are detailed in Appendix A to this report and highlighted blue:
 - Thresholds: FR 568-571, 584, 587-589, 600;
 - Other Changes: FR 545, 546, 548, 550, 552, 557, 583, 586, 593, 599, 601, 603, 614, 623, 624.
- 7 A wider review of the Authority's Financial Regulations is currently being undertaken and will be brought to Authority in April 2025.
- 8 Any environmental, financial, human resource, legal, risk management and equality implications are covered within Paper E/862/24 attached as Appendix B to this report.

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ABBREVIATIONS

CIPFA	Chartered Institute of Public Finance & Accountancy
FR	Financial Regulations

PREVIOUS COMMITTEE REPORTS

Executive Committee	E/862/24	Financial Regulations Review	19 September 2024
Authority	A/4287/20	Amendment of Financial Regulations	22 October 2020

Authority	A/4279/20	Amendment of Standing Orders and Financial Regulations following emergency Coronavirus legislation	23 April 2020
Authority	A/4206/15	Review of Financial Regulations 2015	30 April 2015
Authority	A/4154/12	Financial Regulations Review	19 April 2012

APPENDICES ATTACHED

Appendix A Proposed Changes to Financial Regulations and effective dates

Appendix B Paper E/862/24

Proposed Changes to Financial Regulations

Effective from 25 October 2024
Effective from 24 February 2025 (or when Procurement Act 2023 comes into effect)

Change No	Financial Regulation	Current Financial Regulation	Proposed Financial Regulation
1	545	The Deputy Chief Executive and Head of Human Resources must maintain a record of pecuniary and non-pecuniary interests that will ensure compliance with the Code of Conduct for Employees and the Local Government Act 1972 (Section 117). It is incumbent on individuals to ensure that all interests are appropriately declared and are kept up to date. If an officer's work involves contact with any individual or organisation with whom they have a family, personal or financial relationship that officer must notify their Director in writing.	The Deputy Chief Executive and Head of Human Resources must maintain a record of pecuniary and non-pecuniary interests that will ensure compliance with the Code of Conduct for Employees and the Local Government Act 1972 (Section 117). It is incumbent on individuals to ensure that all interests are appropriately declared and are kept up to date. If an officer's work involves contact with any individual or organisation with whom they have a family, personal or financial relationship that officer must notify the Deputy Chief Executive or Corporate Director in writing.
2	546	Information supplied to the Head of Finance by potential contractors must be treated as confidential and must not be divulged to a third party unless required by UK legislation.	Information supplied to the Authority by potential contractors must be treated as confidential and must not be divulged to a third party unless required by UK legislation
3	548	The procurement procedures set out in these rules do not apply to: <ul style="list-style-type: none"> Private Finance Initiatives (or similar arrangements) in which case the Director should seek legal advice and that of the section 151 Officer as to the appropriate procedures to follow. 	The procurement procedures set out in these rules do not apply to: <ul style="list-style-type: none"> Private Finance Initiatives (or similar arrangements) in which case legal advice should be sought from the Head of Legal, and advice on the appropriate procedures to follow should be sought from the section 151 Officer.
4	550	Contracts that are to be funded from main stream capital or regarded as capital by the Head of Finance in accordance with any guidance issued must be submitted to the Head of Finance for comment as soon as a proposal is known by the Director.	Contracts that are to be funded from main stream capital or regarded as capital by the Head of Finance in accordance with any guidance issued must be submitted to the Head of Finance for comment as soon as a proposal is known.
5	551	A contract can only be extended where the original contract provided for an extension. Contracts which allow an extension whose value was originally below the EU threshold can only be	A contract can only be extended where the original contract provided for an extension. Contracts which allow an extension whose value was originally below the public contract thresholds

		extended where the extended value does not exceed the relevant EU threshold.	can only be extended where the extended value does not exceed the relevant public contract thresholds.
6	552	Where the Authority purchases goods, works and services by reference to its published Terms & Conditions of contracts, these may only be superseded by an industry standard/model form of agreement (i.e. Joint Contracts Tribunal, New Engineering Contract) or where a separate specific Contract Document has been agreed by the Deputy Chief Executive. These published Terms & Conditions may only be varied with the written agreement of the Head of Finance. No Terms & Conditions put forward at any time by a supplier or contractor will form part of a contract unless these are of a specialist nature and agreed jointly by the Head of Finance and the Deputy Chief Executive.	The Authority must purchase goods, works and services by reference to its published Terms & Conditions of contracts. These may only be superseded by an industry standard/model form of agreement (i.e. Joint Contracts Tribunal, New Engineering Contract) or where a separate specific Contract Document has been agreed by the Deputy Chief Executive. These published Terms & Conditions may only be varied with the written agreement of the Head of Finance. No Terms & Conditions put forward at any time by a supplier or contractor will form part of a contract unless these are of a specialist nature and agreed jointly by the Head of Finance and the Deputy Chief Executive.
7	557	The Head of Finance is the only officer authorised to enter into agreements for the supply of ICT Equipment (save in respect of purchases of items with a value of less than £100 which shall not be used in connection with the Authority's network and other infrastructure). Orders for such equipment should be placed in accordance with the procedures set by the IT usage policy. This applies to all ICT equipment supplied to the Authority including: <ul style="list-style-type: none"> • Computer equipment and software; • Telephone exchanges; • Telephone equipment; • Answering machines; • Photocopiers/Multifunctional devices; • Facsimile machines; • Mobile phones; and • Pagers etc. 	The Head of Finance and Head of IT and Business Support are the only officers authorised to purchase ICT Equipment (save in respect of purchases of items with a value of less than £100 which shall not be used in connection with the Authority's network and other infrastructure). Orders for such equipment should be placed in accordance with the procedures set by the IT usage policy and where appropriate these financial regulations. This applies to all ICT equipment supplied to the Authority including: <ul style="list-style-type: none"> • Computer equipment and software; • Telephone equipment; • Photocopiers/Multifunctional devices; • Mobile phones etc. •
8	560	Specifications must be written in a manner to ensure genuine competition is secured and that competitive bids can be submitted and evaluated on a fair and equitable basis. Specifications should, wherever possible be based around what the works, services or supplies are expected to achieve. An outline business case to	Specifications must be written in a manner to ensure genuine competition is secured and that competitive bids can be submitted and evaluated on a fair and equitable basis. Specifications should be based around what the works, services or supplies are expected to achieve. An outline business case

		<p>justify the purchase, including expected costs, budget provision and associated risks must be produced.</p> <p>Specifications must include the following:</p> <ol style="list-style-type: none"> 1. performance and functional requirements; 2. sustainability; 3. equal access to organisations with no unjustified obstacles to competition; and 4. accessibility criteria for disabled persons or include suitability for all users. 	<p>to justify the purchase, including expected costs, budget provision and associated risks must be produced.</p> <p>Specifications must include the following:</p> <ol style="list-style-type: none"> 1. performance and functional requirements; 2. sustainability; 3. equal access to organisations with no unjustified obstacles to competition; and 4. accessibility criteria for disabled persons or include suitability for all users. <p>Specifications should not refer to:</p> <ul style="list-style-type: none"> • design, a particular licensing model or description of characteristics (unless performance or functional requirements cannot be appropriately referred to instead); or • trademarks, trade names, patents, designs or types, places of origin, or producers or suppliers (unless necessary to make the requirements understood, in which case alternatives demonstrating equivalence must not be disadvantaged).
9	561	<p>All invitations to compete must state the method of evaluation, which must be either on the basis of lowest price or the Best Price Quality Ratio. If the Best Price Quality Ratio route is chosen the evaluation must include price/value for money and this must account for a minimum of 50% of any scoring/weighting and officers must ensure that the invitation to compete outlines the items that will be taken into account when evaluation is undertaken, such matters to be taken into account must include, but are not limited to:</p> <ul style="list-style-type: none"> • compliance with the specification; • price/value for money; • economic and financial capacity; and • technical or professional capacity. 	<p>All invitations to compete must state the method of evaluation, which must be on the basis of Most Advantageous Tender. The evaluation must include price/value for money and this must account for 50-80% of any scoring/weighting. Officers must ensure that the invitation to compete outlines the items that will be taken into account when evaluation is undertaken, such matters to be taken into account must include, but are not limited to:</p> <ul style="list-style-type: none"> • compliance with the specification; • price/value for money; • economic and financial capacity; and • technical or professional capacity.

10	563	<p>Subject to the following paragraph exceptions to the competitive procedures apply in the following circumstances:</p> <ul style="list-style-type: none"> • where it is determined whether in a Best Value Review or otherwise that the works or services in question shall be delivered in-house. In such case no contract is being entered into and these rules do not apply; • goods are to be bought at an auction and the Head of Finance in consultation with the Chief/Deputy Chief Executive has agreed, in writing, that the Authority's interests will be best served by purchase through auction and has agreed an upper limit for bids; • the reason for the goods, services or works is of extreme urgency brought about by events unforeseeable by the Authority, but the circumstances invoked to justify the extreme urgency must not be attributable to the Authority; • prices are controlled by Government order; • goods or services are received from another Public Authority under the terms of a contract already subjected to a competitive process which complies with Public Contract Regulations 2015; • where a Local Authority, public body or consortium of public bodies has secured beneficial arrangements for the purchase of goods or services through its own tendering system which complies with Public Contract Regulations 2015 then the use of such contracts will be deemed to satisfy the procurement rules of the Authority; • where pursuing the competitive process would result in an infringement of other laws, for example, copyright laws; • where software licences fall under provision of regulation 72 of the Public Contract Regulations 2015. 	<p>Subject to the following paragraph exceptions to the competitive procedures apply in the following circumstances:</p> <ul style="list-style-type: none"> • where it is determined whether in a Best Value Review or otherwise that the works or services in question shall be delivered in-house. In such case no contract is being entered into and these rules do not apply; • goods are to be bought at an auction and the Head of Finance in consultation with the Chief/Deputy Chief Executive has agreed, in writing, that the Authority's interests will be best served by purchase through auction and has agreed an upper limit for bids; • the reason for the goods, services or works is of extreme urgency brought about by events unforeseeable by the Authority, but the circumstances invoked to justify the extreme urgency must not be attributable to the Authority; • prices are controlled by Government order; • where a Local Authority, public body or consortium of public bodies has secured beneficial arrangements for the purchase of goods or services through its own tendering system which complies with Public Contract Regulations 2015 or the Procurement Act 2023 then the use of such contracts will be deemed to satisfy the procurement rules of the Authority; • where pursuing the competitive process would result in an infringement of other laws, for example, copyright laws; • where software licences fall under provision 74 of the Procurement Act 2023, or regulation 72 of the Public Contract Regulations 2015 as applicable.
11	564	<p>Where the estimated value of the contract is less than the EU Threshold a Corporate Director in agreement with the Head of Finance and Deputy Chief Executive may determine whether an exception of the rules apply within the scope of the Public Contract Regulations 2015. Where it is determined an exception</p>	<p>Where the estimated value of the contract is less than the public contract thresholds a Corporate Director in agreement with the Head of Finance and Deputy Chief Executive may determine whether an exception of the rules, listed in 563, apply within the scope of the Procurement Act 2023. Where it is</p>

		applies the decision and the reasons for the decision must be recorded in writing and reported to full Authority as part of the annual report to Members regarding the waiving of Financial Regulations. Where the expected value of a contract requires compliance with the Public Contract Regulations 2015 or European Union Directives on Procurement procedures or the European Union Directives on concession contracts then an exemption cannot be granted.	determined an exception applies the decision and the reasons for the decision must be recorded in writing and reported to full Authority as part of the annual report to Members regarding the waiving of Financial Regulations. Where the expected value of a contract requires compliance with the Procurement Act 2023 then an exemption cannot be granted.
12	Sub heading	Thresholds for the Relevant Competitive Process, Including EU Thresholds	Thresholds for the Relevant Competitive Process, Including Public Contract Thresholds
13	565	Procurement procedures can differ according to the nature and value of the proposed contract, and are set by European law, United Kingdom law and the Authority's own rules.	Procurement procedures can differ according to the nature and value of the proposed contract, and are set by the Procurement Act 2023 and the Authority's own rules.
14	567	<p>The value payable under a contract will be calculated based on:</p> <ul style="list-style-type: none"> the sum expected to be payable under the contract if the term of the contract is fixed for 12 months or less; the sum expected to be payable under the contract if the term is fixed for more than 12 months; or where the contract is for a term longer than 48 months or if the term is indefinite or uncertain the value will be the amount expected to be payable in respect of each month of the period multiplied by 48. <p>Where the procurement requirement is a single requirement for goods or services or for carrying out of a work or works and a number of contracts have been entered into or are to be entered into to fulfil that requirement, the estimated value for the purpose of calculating the threshold of the procurement is the aggregate of the value which the Authority expects to be payable under each of those contracts.</p> <p>Where the requirement is over a period for goods or services and for that purpose enters into a series of contracts or a contract which under its terms is renewable the estimated value shall be</p>	<ul style="list-style-type: none"> The estimated value of the contract is the maximum amount the Authority could expect to pay under the contract, which is calculated in accordance with the rules in Schedule 3 of the Procurement Act 2023 and includes <ul style="list-style-type: none"> (a)the value of any goods, services or works provided by the contracting authority under the contract other than for payment; (b)amounts that would be payable if an option in the contract to supply additional goods, services or works were exercised; (c)amounts that would be payable if an option in the contract to extend or renew the term of the contract were exercised; (d)amounts representing premiums, fees, commissions or interest that could be payable under the contract; (e)amounts representing prizes or payments that could be payable to participants in the procurement.

		<p>calculated by aggregating the value of the consideration payable under the contracts which:</p> <ul style="list-style-type: none"> i. have similar characteristics; and ii. are for the same type of goods or services. <p>during the last financial year or the period of 12 months, and by adjusting the amount to take account of any expected changes in quantity and cost of goods to be purchased or hired or services to be provided in the period or the relevant time.</p>	
15	568	<p>Estimated Value up to £1,000 Goods and Services up to £1,000 can be commissioned on the basis of one formal quote, subject to that good/service being of a one-off nature and in the opinion of the officer concerned represents good value for money and delivery capability before the order is placed. Orders should be placed in accordance with the normal procedures outlined in these Financial Regulations including the aggregation rules outlined in FR 567.</p>	<p>Estimated Value up to £3,000 Goods and Services up to £3,000 can be commissioned on the basis of one formal quote, subject to that good/service being of a one-off nature and in the opinion of the officer concerned represents good value for money and delivery capability before the order is placed. Orders should be placed in accordance with the normal procedures outlined in these Financial Regulations including the aggregation rules outlined in FR 567.</p>
16	569	<p>Estimated Value between £1,000 and £10,000 Providing the procedures outlined throughout these rules have been followed then at least two competitive quotes must be obtained and documented by the Chief Executive, Deputy Chief Executive or a Corporate Director giving consideration to value for money and delivery capability before an order is placed. Orders should be placed in accordance with the normal procedures outlined in these Financial Regulations including the aggregation rules outlined in FR 567.</p>	<p>Estimated Value between £3,000 and £15,000 Providing the procedures outlined throughout these rules have been followed then at least two competitive quotes must be obtained and documented by the Chief Executive, Deputy Chief Executive or a Corporate Director giving consideration to value for money and delivery capability before an order is placed. Orders should be placed in accordance with the normal procedures outlined in these Financial Regulations including the aggregation rules outlined in FR 567.</p>
17	570	<p>Estimated Value between £10,000 and £25,000 Providing the procedures outlined throughout these rules have been followed then at least three competitive quotes must be obtained and documented by the Chief Executive, Deputy Chief Executive or a Corporate Director given consideration to value for money and delivery capability before an order is placed. Orders should be placed in accordance with the normal procedures outlined in these Financial Regulations including the aggregation rules outlined in FR 567.</p>	<p>Estimated Value between £15,000 and £35,000 Providing the procedures outlined throughout these rules have been followed then at least three competitive quotes must be obtained and documented by the Chief Executive, Deputy Chief Executive or a Corporate Director given consideration to value for money and delivery capability before an order is placed. Orders should be placed in accordance with the normal procedures outlined in these Financial Regulations including the aggregation rules outlined in FR 567.</p>


18	571	<p>Estimated Value between £25,000 and the EU Thresholds</p> <p>These contracts must be let by following the competitive procurement procedures as defined in the Public Contract Regulations 2015. Advertisements must comply with the Public Contract Regulations 2015 and as a minimum be published on the Authority website using the appropriate standard template and the Contract Finder portal as defined in Public Contract Regulations 2015.</p>	<p>Estimated Value between £35,000 and the public contract thresholds</p> <p>These contracts must be let by following the competitive procurement procedures as defined in the Procurement Act 2023. Advertisements must comply with the Procurement Act 2023 and as a minimum be published on the Authority website using the appropriate standard template and the Find a Tender portal as defined in Procurement Act 2023.</p>
19	572	Contract award notices must be placed on the Contract Finder portal as required by Public Contract Regulations 2015.	Contract award notices must be placed on the Find a Tender portal as required by Procurement Act 2023.
20	573	The Chief Executive, Deputy Chief Executive or a Corporate Director may compile a framework agreement list of contractors able to supply goods, services or works which fall within their department's responsibilities or utilise a framework agreement as defined by the Public Contract Regulations 2015 including Central Purchasing Bodies.	The Chief Executive, Deputy Chief Executive or a Corporate Director may compile a framework agreement list of contractors able to supply goods, services or works which fall within their department's responsibilities or utilise a framework agreement as defined by the Procurement act 2023 including Central Purchasing Bodies.
21	576	Advertisements to appoint contractors to a Framework Agreement must be published in line with the Public Contract Regulations 2015.	Advertisements to appoint contractors to a Framework Agreement must be published in line with the Procurement Act 2023.
22	579	Contracts to be procured by Dynamic Purchasing System or electronic auctions must follow the Public Contract Regulations 2015 or EU directives for Procurement.	Contracts to be procured by Dynamic Purchasing System or electronic auctions must follow the Procurement Act 2023.
23	581	Contracts to be procured from a Central Purchasing Body must have been set up in line with Public Contract Regulations 2015 or EU Directives for Procurement and the Procurement section must test due diligence has been carried out.	Contracts to be procured from a Central Purchasing Body must have been set up in line with Public Contract Regulations 2015 or Procurement Act 2023 and the Procurement section must test due diligence has been carried out.
24	582	Contracts with an expected value above the EU thresholds must be procured in accordance with the Public Contract Regulations 2015, Public Services (Social Value) Act 2012, EU Directive on Concession Contracts and any subsequent amendment regulations and all relevant EU Directives that cover works, supplies, services and concessions. The Public Services (Social Value) Act applies to the pre-procurement stage of above threshold contracts for services and requires that officers consider how what is to be procured may improve social,	Contracts with an expected value above the public contract thresholds must be procured in accordance with the Procurement Act 2023 and the Public Services (Social Value) Act 2012, and any subsequent amendment regulations that cover works, supplies, services and concessions. The Public Services (Social Value) Act applies to the pre-procurement stage of above threshold contracts for services and requires that officers consider how what is to be procured may improve

		environmental and economic wellbeing of the Park and also consider the need to consult.	social, environmental and economic wellbeing of the Park and also consider the need to consult.
25	583	Every invitation to submit a tender, bid or quotation must state that the tender, bid or quotation must be returned in a sealed envelope which is clearly marked 'Tender' and which indicates the subject of the tender or where an e-procurement method is used the submitted tender must be deposited in an electronic tender box which cannot be accessed until the defined date of opening. No other identifying marks must be included on the envelope. Envelopes and parcels marked in this way will be delivered to the Chief Executive or an officer designated for that purpose and must be kept, unopened, until they are due to be opened.	Every invitation to submit a tender, bid or quotation must state that the tender, bid or quotation must be returned electronically via the e-portal. The submitted tender must be deposited in an electronic tender box which cannot be accessed until the defined date of opening.
26	584	All tenders, bids or quotations over £25,000 received by the Authority must be held unopened until the date and time set in the invitation when all the tenders received will be opened at the same time on or after the closing date and time by at least two officers, independent of the Lead Officer and (where the contract value exceeds £75,000) an Authority Member. Only those quotations received within the predetermined return time and date should be opened.	All tenders, bids or quotations over £35,000 received by the Authority must be held unopened until the date and time set in the invitation when all the tenders received will be opened at the same time on or after the closing date and time by at least two officers, independent of the Lead Officer and (where the contract value exceeds £75,000) an Authority Member. Only those quotations received within the predetermined return time and date should be opened.
27	586	No tender received after the other tenders have been opened shall be considered. Any tender rejected for late delivery shall be immediately returned to the sender by the Director and no details within the tender shall be recorded or disclosed.	No tender received after the other tenders have been opened shall be considered. Any tender rejected for late delivery shall be immediately returned to the sender by the Corporate Director and no details within the tender shall be recorded or disclosed.
28	587	The Head of Finance or other officer designated for the purpose will keep a record of all tenders over £25,000 received. The lead officer, will retain all quotations, including the returned envelopes, for a period of two years.	The Head of Finance or other officer designated for the purpose will keep a record of all tenders over £35,000 received. The lead officer, will retain all quotations for a period of two years.
29	588	Within 2 working days of being opened, all tenders over £25,000 will be delivered to the officer responsible for evaluating the tenders.	Within 2 working days of being opened, all tenders over £35,000 will be delivered to the officers responsible for evaluating the tenders.
30	589	The Chief Executive, Deputy Chief Executive or a Corporate Director responsible for issuing the invitation to tender will	The Chief Executive, Deputy Chief Executive or a Corporate Director responsible for issuing the invitation to tender will

		<p>evaluate the tenders received or may appoint another technically competent officer to do the evaluation. The evaluation for a:</p> <ol style="list-style-type: none"> a. contract with an Expected Value of above £25,000 to EU Threshold, will be carried out by at least one person and checked and validated by a member of the Procurement section; and b. contract with an Expected Value above the EU Threshold, will be carried out by at least two persons and checked and validated by a member of the Procurement section. 	<p>evaluate the tenders received or may appoint another technically competent officer to do the evaluation. The evaluation for a:</p> <ol style="list-style-type: none"> a. contract with an Expected Value of above £35,000 to public contract thresholds, will be carried out by at least two persons and checked and validated by a member of the Procurement section; and b. contract with an Expected Value above the public contract thresholds, will be carried out by at least three persons and checked and validated by a member of the Procurement section.
31	591	<p>The criteria for award of tenders and the method of evaluation must accord with the evaluation choices, as outlined in FR561 to FR562 and may be either the lowest price OR the Best Price Quality Ratio. This evaluation will be based on the responses received compared to the criteria outlined in the tender document and linked to the subject matter of the specification to determine the submission with the lowest price or the Best Price Quality Ratio tender.</p>	<p>The criteria for award of tenders and the method of evaluation must accord with the evaluation choices, as outlined in FR561 to FR562 and must be the Most Advantageous Tender. This evaluation will be based on the responses received compared to the criteria outlined in the tender document and linked to the subject matter of the specification to determine the submission with the Most Advantageous Tender.</p>
32	593	<p>Following the evaluation and a decision on the successful submission, all individuals/organisations who submitted an offer will be notified of the decision/outcome in writing by the most rapid means of communication practicable. The notice shall include:</p> <ul style="list-style-type: none"> • the criteria for the award of the contract; • the ranking of the individual/organisation in the evaluation against the total submissions received; • where practicable the score obtained; and • the name of the individual/organisation to be awarded the contract. 	<p>Following the evaluation and a decision on the successful submission, all individuals/organisations who submitted an offer will be notified of the decision/outcome in writing via the e-portal. The notice shall include:</p> <ul style="list-style-type: none"> • the criteria for the award of the contract; • the ranking of the individual/organisation in the evaluation against the total submissions received; • where practicable the score obtained; and • the name of the individual/organisation to be awarded the contract.
33	597	<p>The Chief Executive, Deputy Chief Executive or a Corporate Director can accept any tender bid or quotation which is the lowest price or the Best Price Quality Ratio submitted to the Authority in accordance with the criteria specified in the Invitation. A written record of the evaluation should be prepared and retained by the Chief Executive, Deputy Chief Executive or a Corporate Director. The record should include the criteria for</p>	<p>The Chief Executive, Deputy Chief Executive or a Corporate Director can accept any tender bid or quotation which is the Most Advantageous Tender submitted to the Authority in accordance with the criteria specified in the Invitation. A written record of the evaluation should be prepared and retained by the Chief Executive, Deputy Chief Executive or a Corporate Director. The record should include the criteria for evaluation,</p>

		evaluation, the weightings and weighted scores and the persons responsible for the evaluation and the outcome of the process.	the weightings and weighted scores and the persons responsible for the evaluation and the outcome of the process.
34	598	After notification as in FR593 and where the contract value is above £75,000 a mandatory standstill period will then come into effect of 10 days (or 15 days if the bidders are notified other than by electronic means) before the contract can be awarded in line with EU Directives and UK legislation. This is in order to allow unsuccessful bidders a reasonable amount of time to decide whether to request a review of the decision	After notification as in FR593 and where the contract value is above £75,000 a mandatory standstill period will then come into effect of 8 days before the contract can be awarded in line with UK legislation. This is in order to allow unsuccessful bidders a reasonable amount of time to decide whether to request a review of the decision
35	599	The Chief Executive and/or Deputy Chief Executive or Corporate Directors must obtain written approval before accepting a tender, bid or quotation which is not the lowest submitted but which is the Best Price Quality Ratio to the Authority. The officer must explain, in writing, to the Chief Executive, Head of Finance, Deputy Chief Executive (whichever is applicable) the reasons which make a tender, bid or quotation which is not the lowest submitted the Best Price Quality Ratio to the Authority.	Deleted Numbering of all proceeding financial regulations has been updated
36	600	Whenever a contract is to be agreed in excess of £25,000 it shall be in writing. Where the terms of the contract are materially different from the Authority's Standard Terms and Conditions the documentation must be submitted for legal advice for agreement before being signed on behalf of the Authority.	Whenever a contract is to be agreed in excess of £35,000 it shall be in writing. Where the terms of the contract are materially different from the Authority's Standard Terms and Conditions the documentation must be submitted for legal advice for agreement before being signed on behalf of the Authority.
37	601	All documentation forming contractual agreements must be authorised as follows: <ul style="list-style-type: none"> • up to £50,000 – signed by duly authorised officer; • £50,000 to £0.5m – signed by two duly authorised officers (unless the contract is required to be entered into under seal); • >£0.5m – entered under seal following approval in accordance with Authority Standing Orders. 	All documentation to be signed on behalf of the Authority forming contractual agreements whether for expenditure or income must be authorised as follows: <ul style="list-style-type: none"> • up to £50,000 – signed by duly authorised officer; • £50,000 to £0.5m – signed by two duly authorised officers (unless the contract is required to be entered into under seal); • >£0.5m – entered under seal following approval in accordance with Authority Standing Orders.
38	603	The Chief Executive or Deputy Chief Executive or a Corporate Director must not authorise work to start until the contract has been completed and signed . In exceptional circumstances and where the work is urgent, the Chief Executive, Deputy Chief	Officers must not authorise work to start until the contract has been completed and signed . In exceptional circumstances and where the work is urgent, the Chief Executive, Deputy Chief Executive or a Corporate Director may authorise work to

		Executive or a Corporate Director may authorise work to start if the legal advice or (where applicable) the duly authorised signatories confirms in writing that a contract is being prepared. In such a case the authorisation must be in the form of an official order and must clearly and specifically state all the relevant terms and conditions.	start if the legal advice or (where applicable) the duly authorised signatories confirms in writing that a contract is being prepared. In such a case the authorisation must be in the form of an official order and must clearly and specifically state all the relevant terms and conditions.
39	606	Works shall not be undertaken outside the scope of accepted contracts without the written consent of the Head of Finance which must be obtained before the Chief Executive, Deputy Chief Executive or a Corporate Director authorises work.	Works shall not be undertaken outside the scope of accepted contracts and the scope of accepted contracts shall not be varied without the written consent of the Head of Finance, in consultation with the Section 151 Officer, which must be obtained before the officer authorises work, and in any case only as allowed by section 74 of the Procurement Act 2023..
40	614	Similarly, if a spouse/partner or close family are employees, owners, directors or shareholders in an organisation entering into or proposing to enter into a contract with the Authority an employee should immediately inform their Corporate Director. They must also confirm their interest in writing to the Chief Executive and Deputy Chief Executive.	Similarly, if a spouse/partner or close family are employees, owners, directors or shareholders in an organisation entering into or proposing to enter into a contract with the Authority an employee should immediately inform the Deputy Chief Executive or Corporate Director. They must also confirm their interest in writing to the Chief Executive and Deputy Chief Executive.
41	623	<u>ALL OFFERS FROM CONTRACTORS, OUTSIDE BODIES AND ORGANISATIONS IN CONNECTION WITH THE ABOVE SHOULD BE IMMEDIATELY REPORTED TO AND RECORDED BY THE RELEVANT DIRECTOR IN THE REGISTER KEPT BY THE COMMITTEE & MEMBER SERVICES MANAGER ON BEHALF OF THE AUTHORITY.</u>	<u>ALL OFFERS FROM CONTRACTORS, OUTSIDE BODIES AND ORGANISATIONS IN CONNECTION WITH THE ABOVE SHOULD BE IMMEDIATELY REPORTED TO AND RECORDED BY THE RELEVANT CORPORATE DIRECTOR IN THE REGISTER KEPT BY THE COMMITTEE & MEMBER SERVICES MANAGER ON BEHALF OF THE AUTHORITY.</u>
42	624	It is acceptable for officers to participate in a working lunch with a contractor, or potential contractor, so long as the Authority would offer, as host, to the contractor on Authority premises. It is important that the relevant Director is consulted and kept informed. It should be noted that the declaring of hospitality/gifts does <u>NOT</u> legitimise its acceptance. The register to record all offers of gifts and hospitality made to officers (whether accepted or refused) is held by the Committee & Member Services Manager.	It is acceptable for officers to participate in a working lunch with a contractor, or potential contractor, so long as the Authority would offer, as host, to the contractor on Authority premises. It is important that the relevant Corporate Director is consulted and kept informed. It should be noted that the declaring of hospitality/gifts does <u>NOT</u> legitimise its acceptance. The register to record all offers of gifts and hospitality made to officers (whether accepted or refused) is held by the Committee & Member Services Manager.

 <p>LEE VALLEY REGIONAL PARK AUTHORITY</p> <p>EXECUTIVE COMMITTEE</p> <p>19 SEPTEMBER 2024 AT 10:30</p>	<p><u>Agenda Item No:</u></p> <p><u>Report No:</u></p> <p>E/862/24</p>
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FINANCIAL REGULATIONS REVIEW

Presented by the Head of Finance

EXECUTIVE SUMMARY

The purpose of this report is for Members to consider and approve changes to Financial Regulations. Financial Regulations should be relevant and up to date and continue to meet requirements under the Chartered Institute of Public Finance & Accountancy’s (CIPFA) Code of Practice. This review focusses on the Authority’s Financial Regulations related to procurement, including compliance with the new Procurement Act (2023) that comes into force from 28 October 2024, and changes to procurement thresholds.

RECOMMENDATION

Members Recommend to Authority: (1) the revised Financial Regulations as set out in Appendix A to this report.

BACKGROUND

- 1 The Lee Valley Regional Park Authority was created by a private act of parliament, the Lee Valley Regional Park Act 1966 (the Park Act), which provides that the Authority may make Financial Regulations with respect to the operation of its finances.
- 2 The Authority’s present Financial Regulations were last revised in October 2020 (Paper A/4287/20) following the retirement of the Director of Finance & Resources and the commencement of the Service Level Agreement with the London Borough of Enfield for the provision of financial management and accountancy support including undertaking the role of Section 151 Officer on behalf of the Authority.

PROCUREMENT ACT 2023

- 3 The current legislation that governs public sector procurement is the Public Contracts Regulations (PCR) 2015.
- 4 The new Procurement Act 2023 was approved in Parliament in March 2024 and is anticipated to take effect in full on 28 October 2024. This will supersede PCR 2015 for contracts procured after this date. Contracts for which procurement was started prior to this date will continue to be governed by the PCR 2015.

- 5 References to procurement in accordance with PCR 2015 have been replaced to references to the Procurement Act 2023 in the proposed Financial Regulations in Appendix A to this report. Some references to PCR 2015 have been retained because these continue to be applicable to management of Authority contracts procured prior to 28 October 2024. References to EU Directives have been deleted.
- 6 The Procurement Act 2023 changes the emphasis of evaluation of tenders from the Most Economically Advantageous Tender (MEAT) to the Most Advantageous Tender (MAT). This widens the approach to determining the best tender so that environmental, social and economic responsibility are considered alongside cost and quality. Financial Regulations 561, 591, 597 and 599 have been updated to reflect this, and tenders may no longer be awarded purely on the basis of lowest price.

PROCUREMENT THRESHOLDS

- 7 Financial Regulations define the contract value at which a procurement process must obtain a minimum number of quotes or be advertised, up to public contract thresholds. These thresholds have been in place for at least nine years since the 2015 review of Financial Regulations, with the lowest threshold having been in place since 2010. These thresholds have been reviewed based on indexation and feedback from suppliers / officers.
- 8 Inflation during this period has significantly increased, with some industries far outstripping the general CPI figure. Multiple quotes are now required for works or services that could be procured through one quote when these levels were last reviewed. This makes the procurement process less efficient.
- 9 Feedback from benchmarking with other bodies and suppliers is that they are aware that the threshold levels are set too low and that they are being asked to provide a quote to satisfy regulations when a single quote should be sufficient. This can lead to suppliers refusing to quote / bid for work. The risk register identifies the risk of insufficient contractors tendering for contracts (SR 2.5), considering their feedback can help to mitigate this risk.
- 10 The proposed changes to threshold levels are summarised in the table below.

FR	Procurement Process	Current Contract Value Threshold	Proposed Contract Value Threshold
568	One formal quote	Up to £1,000	Up to £3,000
569	Two formal quotes	£1,000 to £10,000	£3,000 to £15,000
570	Three formal quotes	£10,000 to £25,000	£15,000 to £35,000
571	Competitive procurement procedure	£25,000 to EU Threshold	£35,000 to public contract Threshold

OTHER CHANGES

- 11 In addition to the changes above, the other significant changes included in Appendix A to this report are summarised below. Changes are made only to the Procurement section, from Financial Regulation 542 onwards:
 - FR 560 – additional wording from the Procurement Act (2023) outlining what should not be included in specifications;

- FR 561 – amendment of the evaluation weighting of price/value for money to 50-80%, as per paragraph 6 above;
- FR 567 - amended to provide that the estimated value of the contract should be calculated in accordance with rules set out in the Procurement Act (2023);
- FR 583, 587 and 593 – reflects that all bids are now received electronically via e-portal;
- FR 589 – reflects that tender evaluations are now done by at least two people where the contract value is over £35,000, increased from one. And where the contract value is above public contract thresholds tender evaluations are done by at least three people, increased from two;
- FR 598 - the standstill period has been amended to eight days, which reflects the period under the Procurement Act 2023;
- FR 599 – deleted as this referred to authorisation for accepting bids that aren't lowest price, but under the Procurement Act (2023) the Most Advantageous Tender (MAT) should be accepted regardless of whether it is lowest price.

12 We have not reviewed the section relating to gifts and hospitality (other than updated numbering and job titles) as these are not related to the Procurement Act 2023 but will do so the next time there is a review of Financial Regulations.

ENVIRONMENTAL IMPLICATIONS

13 There are no environmental implications arising directly from the recommendations in this report.

FINANCIAL IMPLICATIONS

14 These are dealt with in the body of the report.

HUMAN RESOURCE IMPLICATIONS

15 There are no human resource implications arising directly from the recommendations in this report.

LEGAL IMPLICATIONS

16 There are no legal implications arising directly from the recommendations in this report other than those identified in the body of the report.

RISK MANAGEMENT IMPLICATIONS

17 The risk register identifies one of the corporate risks to the organisation is failure to comply with statutory requirements (SR1.1). The ongoing update and review of Financial Regulations is one of the control measures the organisation uses to assist in reducing this risk.

EQUALITY IMPLICATIONS

18 There are no equality implications arising directly from the recommendations in this report.

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PREVIOUS COMMITTEE REPORTS

Authority	A/4287/20	Amendment of Financial Regulations	22 October 2020
Authority	A/4279/20	Amendment of Standing Orders and Financial Regulations following emergency Coronavirus legislation	23 April 2020
Authority	A/4206/15	Review of Financial Regulations 2015	30 April 2015
Authority	A/4154/12	Financial Regulations Review	19 April 2012

APPENDIX ATTACHED

Appendix A Table of Proposed changes to Financial Regulations

LIST OF ABBREVIATIONS

CIPFA	Chartered Institute of Public Finance & Accountancy
PCR	Public Contracts Regulations
FR	Financial Regulations
MAT	Most Advantageous Tender
MEAT	Most Economically Advantageous Tender