

# Decision Pathway – Report



**PURPOSE:** Key decision

**MEETING:** Cabinet

**DATE:** 05 December 2023

<b>TITLE</b>	<b>Finance Strategic Partner Contract</b>		
<b>Ward(s)</b>	All Wards in Bristol		
<b>Author:</b> Sarah Chodkiewicz	<b>Job title:</b> Head of Financial Management / Deputy s151 Officer		
<b>Cabinet lead:</b> Cllr Craig Cheney - Cabinet member for Finance, Governance, Property and Culture	<b>Executive Director lead:</b> Stephen Peacock – Chief Executive		
<b>Proposal origin:</b> BCC Staff			
<b>Decision maker:</b> Cabinet Member			
<b>Decision forum:</b> Cabinet			
<b>Purpose of Report:</b>			
<ol style="list-style-type: none"> <li>1. To seek approval for variation to the contract value for the finance strategic partner contract, reflecting additional reach back capacity and expert resource requirements.</li> <li>2. To seek approval to procure and award of a new contract for financial strategic partnership reflecting the wider breadth of advisory and reach back requirements.</li> </ol>			
<b>Evidence Base:</b>			
<ol style="list-style-type: none"> <li>1. The Finance Strategic Partner Contract was established in November 2022, for a period of 3 + 1 years, at a value of £400k plus potential extension of £50k.</li> <li>2. The contract is in place to bring on board a strategic partner for finance to provide additional financial advisory services and reach back resources to compliment the in-house Accountancy, Risk and Insurance team in delivering its mandate.</li> <li>3. The contract was established to put in place a seamless relationship where the partner proactively supports and on occasions represents the Council at external programme meetings, with the following required from the partnership: <ul style="list-style-type: none"> <li>• Advisory services including assurance and related services, reviews of financial resilience and medium-term financial strategies,</li> <li>• Supporting projects of strategic importance, including transformation programmes and delivery and programme management advice,</li> <li>• Financial planning,</li> <li>• Group company advice and support,</li> <li>• Technical accounting,</li> <li>• Taxation advice,</li> <li>• Commercial assurance,</li> <li>• Reach back support such as secondments,</li> </ul> </li> </ol>			

- Training,
  - Workshops,
  - Knowledge sharing,
  - Access to new technology and technology advice,
  - Representing the Council and on occasions the Director of Finance (S151 Officer) in meetings.
4. Over the last 12 months the strategic partner has been integral in supporting delivery across the council in a number of key areas, examples including:
- Policy development and implementation
  - Value for Money review and business case support
  - Transformation programme support on key projects
  - Savings delivery review, support and implementation on specific projects
  - Operational delivery review, advice and implementation in key areas
  - Knowledge sharing and training within the Accountancy, Risk and Insurance team
5. The partnership is working well in terms of integration with the provision of services through the Accountancy, Risk and Insurance team, in many cases working alongside and with Officers within the council to enable delivery, as well as supporting with knowledge and skills transfer within the team. This is reflected in the feedback from particular projects and extensions of works into secondary phases.
6. At the time of initial award alternative options considered and rejected included:
- Building greater in-house resource and a pool of interim and flexible resource – this was not considered to be a viable option given the time needed to develop this capacity and the challenges in the market around recruiting qualified and suitably expert finance professionals, with the additional consideration that a strategic partner reach back option would be able to draw on much broader professional expertise to ensure we have the right skills to meet business needs.
  - Do nothing – this was not considered appropriate given the challenges and complex financial nature of the Council’s on-going business activities and extensive funds being spent on ad-hoc consultancy, combined with the challenging market for financial professionals.
7. Since the initial decision the challenges around both the recruitment of suitably experienced finance professionals and the context of the complexity of the Council’s financial requirements continue.
8. The partnership has enabled us to move quickly over the last 12 months in providing expert service provision in a number of cases, often where we would have required other external consultancy support outside of the contract to support programmes of work.
9. Due to the success in implementing and embedding the strategic partner, as well as the pace and complexity of the Council requiring greater than anticipated support, particularly in areas linked to transformation and operational delivery, the volume of work required over the last 12 months has far exceeded the initial expectations and this is expected to continue.
10. Based on the level of spend in the first 12 months reaching the totality of the contract value and the pipeline of works, a revised contract value is required to accommodate the existing pipeline of works and this paper seeks approval to uplift the contract from the original £400,000, as the currently approved value of the contract without the additional year, to £800,000. This is an uplift of 50%, or £200,000, to £600,000 reflecting extra work where it makes sense for the existing supplier to provide the service under the compliant exceptions, plus a further 50%, or £200,000 contract modification where the additional scope on one of the projects (the fees and charges work, which is linked to the budget setting, and Finance Improvement Work) is necessary for achieving the aims of the original contract, bringing the total modified contract value to £800,000.

11. This increase would provide the ability to see through the live and progressing work areas over the coming months, however, would not enable headroom over the remainder of the three year contract period for any further advise and support.
12. Based on the level of advice, support and reach back that we have seen over the last 12 months and the forward look, which includes areas of expert advice that we already anticipate will be needed around key capital and transformational programmes, it is expected that a contract with headroom of £1 million per year is more realistic going forward.
13. This report therefore also seeks approval to procure and award a further 3 +1 +1 year contract, with an £1 million p.a. ceiling cost, and therefore the total ceiling cost for the potential 5 year contract being £5 million.
14. The principle of meeting the cost of the contract, both in terms of the value extension and the procurement, is expected to be on the basis of existing budgets across the council, with each project within the contract tied to a service area and either an approved capital programme project or a savings programme item that retains or has an approved budget for procuring expert professional advice and consultancy.

**Cabinet Member / Officer Recommendations:**

That Cabinet:

1. Notes the successful implementation of the strategic finance partnership arrangements.
2. Authorises the Head of Financial Management / Deputy s151 Officer in consultation with the Director of Finance and Cabinet Member City Economy, Finance and Performance to vary and award the contract amendment necessary for the implementation of the ongoing existing strategic finance partnership, in-line with the procurement routes and maximum budget envelopes outlined in this report.
3. Approves the procurement of a new 3 +1 +1 year contract for a financial strategic partnership, using an appropriate route to market as advised by Strategic Procurement, at a cost not exceeding £1 million p.a., total maximum cost of £5 million over 5 years.
4. Authorises the Head of Financial Management / Deputy s151 Officer in consultation with the Cabinet Member City Economy, Finance and Performance to take all steps required to procure and award the contract and to enact extensions as required, within the maximum budget envelope outlined in this report.
5. Authorises the Head of Procurement & Contract Management to approve appropriate procurement routes to market where these are not yet fully defined, or if changes to procurement routes are subsequently required.

**Corporate Strategy alignment:** Financial expertise and advice supports delivery against the breadth of the corporate strategy. This most closely aligns to the theme of effective development organisation enabling the advice and support required to take effective and informed decisions.

**City Benefits:** Council wide impacts of provision of effective and timely financial advice supporting the breadth of the Council’s business.

**Consultation Details:** N/a

**Background Documents:**

OED for initial contract: [ModernGov - bristol.gov.uk](https://modern.gov/bristol.gov.uk)

<b>Revenue Cost</b>	<b>£800,000 + £5m</b>	<b>Source of Revenue Funding</b>	Varied – will depend on the required work under the contract, this may flex to capital if
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			programme and project support is aligned to a capital priority.
<b>Capital Cost</b>	As above	<b>Source of Capital Funding</b>	As above
<b>One off cost</b> <input type="checkbox"/>	<b>Ongoing cost</b> <input checked="" type="checkbox"/>	<b>Saving Proposal</b> <input type="checkbox"/>	<b>Income generation proposal</b> <input type="checkbox"/>

**Required information to be completed by Financial/Legal/ICT/ HR partners:**

**1. Finance Advice:** The report recommends an increase of the strategic finance partnership contract, which would raise the existing arrangement from a total potential contract value of £450,000 to £800,000.

Additionally the report recommends re-tendering for a new 3 +1 +1 year contract for strategic financial partnership to the council in light of the higher volume and complexity of work seen in the last 12 months. This would be for a ceiling of £1 million p.a. over a maximum of 5 years, giving a total maximum cost of £5 million over the five years.

The cost of services delivered under the contract is expected to be on the basis of existing budgets across the council, with each project within the contract tied to a service area and either an approved capital programme project or a savings programme item that retains or has an approved budget for procuring expert professional advice and consultancy.

**Finance Business Partner:** Sarah Chodkiewicz, Head of Financial Management / Deputy s151 Officer. 15/11/23

**2. Legal Advice:** The procurement process must be conducted in line with the 2015 Procurement Regulations and the Councils own procurement rules. Legal services will advise and assist officers with regard to the conduct of the procurement process and the resulting contractual arrangements.

**Legal Team Leader:** Husinara Jones, Team Manager/Solicitor 23 November 2023

**3. Implications on IT:** There are no IT implications resulting from this proposal

**IT Team Leader:** Polly Thompson, Head of Digital Strategy and Transformation, 24/11/23

**4. HR Advice:** This contract concerns the provision of specialist financial advice to complex programmes/projects, where we would not expect to have the required skills in-house. It has been clarified that this contract does not relate to 'business as usual' finance functions, which are delivered by the in-house team.

**HR Partner:** James Brereton (Head of Human Resources), 27 November 2023

<b>EDM Sign-off</b>	Denise Murray – Director of Finance	27/11/23
<b>Cabinet Member sign-off</b>	Cllr Craig Cheney – Deputy Mayor and Portfolio Holder for City Economy, Finance and Performance	22/11/23
<b>For Key Decisions - Mayor's Office sign-off</b>	Mayor's Office	22/11/23

<b>Appendix A – Further essential background / detail on the proposal</b>	<b>NO</b>
<b>Appendix B – Details of consultation carried out - internal and external</b>	<b>NO</b>
<b>Appendix C – Summary of any engagement with scrutiny</b>	<b>NO</b>
<b>Appendix D – Risk assessment</b>	<b>NO</b>
<b>Appendix E – Equalities screening / impact assessment of proposal</b>	<b>YES</b>
<b>Appendix F – Eco-impact screening/ impact assessment of proposal</b>	<b>YES</b>
<b>Appendix G – Financial Advice</b>	<b>NO</b>

<b>Appendix H – Legal Advice</b>	<b>NO</b>
<b>Appendix I – Exempt Information</b>	<b>NO</b>
<b>Appendix J – HR advice</b>	<b>NO</b>
<b>Appendix K – ICT</b>	<b>NO</b>
<b>Appendix L – Procurement</b>	<b>NO</b>