

## Notice of Meeting

### ASSEMBLY

**Wednesday, 4 December 2013 - 7:00 pm**  
**Council Chamber, Town Hall, Barking**

To: Members of the Council of the London Borough of Barking and Dagenham

**Chair:** Councillor A K Ramsay  
**Deputy Chair:** Councillor E Kangethe

Date of publication: 26 November 2013

Graham Farrant  
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### AGENDA

1. **Apologies for Absence**
2. **Declaration of Members' Interests**

In accordance with the Council's Constitution, Members are asked to declare any interest they may have in any matter which is to be considered at this meeting.
3. **Death of Warrant Officer Class 2 Ian Michael Fisher, 3rd Battalion the Mercian Regiment (Staffords) - 5 November 2013**

As a mark of respect, Assembly to stand for one minute's silence.
4. **Minutes - To confirm as correct the minutes of the meeting held on 2 October 2013 (Pages 3 - 6)**
5. **Appointments**
6. **Corporate Parenting (Pages 7 - 38)**
7. **Small Business Friendly Borough Award (Pages 39 - 48)**
8. **Constitution Review - Contract Procedure Rules (Pages 49 - 112)**
9. **Constitution Review - Financial Rules (Pages 113 - 154)**

10. **Treasury Management Mid-Year Review (Pages 155 - 169)**
11. **Motions (Pages 171 - 174)**
12. **Leader's Question Time**
13. **General Question Time**
14. **Any other public items which the Chair decides are urgent**
15. **To consider whether it would be appropriate to pass a resolution to exclude the public and press from the remainder of the meeting due to the nature of the business to be transacted.**

#### **Private Business**

The public and press have a legal right to attend Council meetings such as the Assembly, except where business is confidential or certain other sensitive information is to be discussed. The list below shows why items are in the private part of the agenda, with reference to the relevant legislation (the relevant paragraph of Part 1 of Schedule 12A of the Local Government Act 1972 as amended). ***There are no such items at the time of preparing this agenda.***

16. **Any confidential or exempt items which the Chair decides are urgent**

## **Barking and Dagenham's Vision**

**Encourage growth and unlock the potential of Barking and Dagenham and its residents.**

### **Priorities**

To achieve the vision for Barking and Dagenham there are five priorities that underpin its delivery:

#### **1. Ensure every child is valued so that they can succeed**

- Ensure children and young people are safe, healthy and well educated
- Improve support and fully integrate services for vulnerable children, young people and families
- Challenge child poverty and narrow the gap in attainment and aspiration

#### **2. Reduce crime and the fear of crime**

- Tackle crime priorities set via engagement and the annual strategic assessment
- Build community cohesion
- Increase confidence in the community safety services provided

#### **3. Improve health and wellbeing through all stages of life**

- Improving care and support for local people including acute services
- Protecting and safeguarding local people from ill health and disease
- Preventing future disease and ill health

#### **4. Create thriving communities by maintaining and investing in new and high quality homes**

- Invest in Council housing to meet need
- Widen the housing choice
- Invest in new and innovative ways to deliver affordable housing

#### **5. Maximise growth opportunities and increase the household income of borough residents**

- Attract Investment
- Build business
- Create a higher skilled workforce

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## MINUTES OF ASSEMBLY

Wednesday, 2 October 2013  
(7:05 - 7:19 pm)

### PRESENT

Councillor A K Ramsay (Chair)  
Councillor E Kangethe (Deputy Chair)

Councillor S E Ahammad	Councillor J L Alexander
Councillor S Ashraf	Councillor A Gafoor Aziz
Councillor R Baldwin	Councillor G Barratt
Councillor S J Bremner	Councillor P Burgon
Councillor L Butt	Councillor E Carpenter
Councillor J Clee	Councillor H J Collins
Councillor R Douglas	Councillor C Geddes
Councillor R Gill	Councillor D Hunt
Councillor M Hussain	Councillor A S Jamu
Councillor I S Jamu	Councillor E Keller
Councillor M A McCarthy	Councillor J E McDermott
Councillor M McKenzie MBE	Councillor D S Miles
Councillor M Mullane	Councillor E O Obasohan
Councillor J Ogungbose	Councillor B Poulton
Councillor H S Rai	Councillor L A Reason
Councillor L Rice	Councillor D Rodwell
Councillor T Saeed	Councillor A Salam
Councillor L A Smith	Councillor S Tarry
Councillor G M Vincent	Councillor P T Waker
Councillor M M Worby	

### APOLOGIES FOR ABSENCE

Councillor S Alasia	Councillor J Channer
Councillor J Davis	Councillor G Letchford
Councillor T Perry	Councillor C Rice
Councillor J Wade	Councillor L R Waker
Councillor J R White	

#### **27. Declaration of Members' Interests**

There were no declarations of interest

#### **28. Minutes (17 July 2013)**

The minutes of the meeting held on 17 July 2013 were confirmed as correct.

#### **29. Revised Schedule of Cabinet Portfolios**

Assembly received and noted this report presented by the Leader of the Council, Councillor Smith, which set out details of Cabinet Members and their revised

portfolios.

### 30. **Appointments**

Assembly **agreed** the following appointments:

(1) As replacement for Councillor Douglas:

**Councillor Smith** to the Licensing and Regulatory Board

**Councillor Carpenter** to the Pensions Panel as Deputy Chair

**Councillor McDermott** to the Children's Services Select Committee

**Councillor Carpenter** as the Becontree Ward representative on the Barking Housing Forum

**Councillor Alexander** to both the Barking General Charities and the Barking and Ilford Charities

**Councillor I S Jamu** to the Kallar Lodge and Fewes Lodge Trust Fund

(2) As a result of Councillor Letchford's resignation from the following committees:

**Councillor Bremner** as the Goresbrook Ward representative on the Barking Housing Forum

**Councillor McDermott** to the Elevate Strategic Partner Board

**Councillor Reason** to the Barking & Ilford United Charities

**Councillor Saeed** to the OFSTED Report Panel

Assembly noted that one vacancy remains on the Employee Joint Health Safety & Wellbeing Board.

### 31. **Second Local Implementation Plan - 2014/15 - 2016/17 Delivery and Monitoring Plan and Borough Cycling Programme 2013/14 - 2016/17**

The Assembly received this report presented by the Cabinet Member for Regeneration, Councillor Geddes, which set out details of the proposed funding applications to Transport for London in respect of the Borough's plans to enhance its transport and cycling networks for the period up to 2016/17.

The Assembly **agreed**:

(i) the 2014/15 - 2016/17 LIP Delivery and Monitoring Plan submission to Transport for London, as set out at Appendix 1 to the report; and

(ii) the 2013/14 - 2016/17 Borough Cycling Programme application to Transport for London, as set out at Appendix 2 to the report.

### 32. **Motions - Introduction and retention of a local levy of 8.5% on large retail outlets**

In accordance with paragraph 14.5 of Article 2, Part B of the Council Constitution, the motion was withdrawn at the request of Councillor Tarry who had submitted it.

### 33. Leader's Question Time

None.

### 34. General Question Time

#### **GQ1 from Councillor Carpenter:**

*"There have been a lot of press reports and media coverage over the last few weeks which have said that A&E Departments in London cannot now cope. This raises questions about what will happen this winter. I understand that £7 million has been allocated to the Barking and Dagenham, Havering and Redbridge health economy to support A&E this winter.*

*"Does the Cabinet Member know how this will be spent?"*

*"Finally, does the Cabinet Member believe that this will be sufficient to support Queen's and King George Hospitals this winter?"*

#### **Response from Councillor Worby, Cabinet Member for Health:**

Councillor Worby thanked Councillor Carpenter for asking this very important question and said that negotiations had taken place with BHRUT, NELFT, the local Clinical Commissioning Groups (CCGs) and the boroughs of Havering and Redbridge as to how the funds would be spent.

Councillor Worby went on to say that the question should not just be about A&E because if that was not working efficiently, the rest of the service could seize up.

She advised that:

- 50% of the funds had been allocated to BHRUT in support of seven day working;
- just over £1 million had been allocated to NELFT not only to support seven day working but to improve community bed capacity and rehabilitation at home work;
- the three local CCGs had been allocated approximately £1 million in support of continuing healthcare, hospital discharge and nursing homes; and
- the Council expects to receive £410,000, which would be used to have our hospital social work team available seven days a week with effect from 1 November 2013

all of which measures were to ensure that no one should have to stay in hospital longer than necessary or over a weekend.

Councillor Worby voiced her concern as to:

- ❖ BHRUT consistently under-achieving on the 4 hour target at Queen's A&E which had been agreed to be at 95%; the last quarter had been at 90% and the latest data for week commencing 8 September showed the Trust had only achieved 85%;

- ❖ King George's had shown under-achievement in August and September but on the whole were achieving their targets.

Councillor Worby stated that this under-performance was critical in terms of what would happen in the winter if the Trust could not achieve their targets in the summer.

She advised the Assembly that in this connection, the Health & Adult Services Select Committee had agreed at its meeting on 1 October to write to the Care Quality Commission (CQC) ahead of CQC's impending inspection later this month.

Referring to the government's announcement that GPs' surgeries should be available from 8 am to 8 pm, seven days a week, Councillor Worby advised that Havering GPs would be taking part in a pilot but that our GPs would not.

Finally, Councillor Worby spoke of the impact that the closure of the Broad Street Walk In Centre would have on local residents in that there would be no alternative for them but to go to A&E.



## ASSEMBLY

4 December 2013

<b>Title:</b>	Progress of Members' Corporate Parenting Group	
<b>Report of the</b>	Cabinet Member for Children's Services, Councillor White, and Chair of the Members' Corporate Parenting Group, Councillor Letchford	
<b>Open Report</b>		<b>For Information</b>
<b>Report Author:</b>	Kamini Rambellas Divisional Director (Interim) Complex Needs and Social Care	<b>Contact Details:</b> Tel: 0208 227 2233 E-mail: <a href="mailto:kamini.rambellas@lbbd.gov.uk">kamini.rambellas@lbbd.gov.uk</a>
<b>Accountable Divisional Director:</b>	Kamini Rambellas Divisional Director (Interim) Complex Needs and Social Care	
<b>Accountable Director:</b>	Helen Jenner Corporate Director Children's Services	
<b>Summary:</b>	<p>This report, which was presented to the Children's Services Select Committee on 13 November 2014, provides an update on the Corporate Parenting arrangements in Barking and Dagenham; particularly in relation to progress and outcomes of the Members' Corporate Parenting Group. In addition, the report aims to strengthen the role and responsibilities of corporate parents. Excellent Corporate Parenting requires ownership and leadership at a senior level, including elected members.</p>	
<b>Recommendation(s)</b>	<p>The Assembly is recommended:</p> <ul style="list-style-type: none"> <li>(i) To note the roles and responsibilities of all councillors as corporate parents to looked after children and care leavers.</li> <li>(ii) To note progress being achieved by the Members' Corporate Parenting Group</li> <li>(iii) To invite all councillors to identify those areas falling within their remit, and that of other councillors, to be reviewed in order to support the work of the Members' Corporate Parenting Group.</li> <li>(iv) To endorse the pledge promises to looked after children and young people and invite all councillors to sign accordingly.</li> </ul>	
<b>Reason(s)</b>	<p>Being an excellent Corporate Parent is in keeping with the Council's policy commitment to 'Better Health and Wellbeing' and the Council's priority to ensure every child is valued so they can succeed.</p>	

## 1. Introduction and Background

- 1.1 The primary purpose of the Members Corporate Parenting Group (MCPG) is to enable elected members, officers and partners to fulfil their legal responsibilities to the borough's looked after children and care leavers aged from 0-25 in accordance with proposals set out in Care Matters: Time for Change (DfES 2007). The MCPG maintains a comprehensive overview of the progress of children who are looked after and for care leavers, scrutinising the quality, effectiveness and performance of the services that support them.
- 1.2 Central to the role of the MCPG is the exercising of its responsibility and accountability for the well-being and future prospects of looked after children and care leavers and ensuring that this vulnerable group have opportunities to shape and influence the services which they receive.
- 1.3 The role of 'Corporate Parent' is a collective responsibility of the Council, therefore all Councillors need to have a basic level of responsibility for Children in Care.

## 2. Addressing our Corporate Parenting responsibilities

- 2.1 The responsibility of local authorities to exercise their responsibilities was first set out in September 1998 when Frank Dobson (then Secretary of State to Health) wrote to all councillors in England and Wales about the role and responsibilities of councillors in relation to looked after children. The essence of that letter was that the council has a legal and moral duty to provide the support to looked after children that any good reasonable parent would give their child.
- 2.2 Since that time Barking and Dagenham has exercised its Corporate Parenting responsibilities in a variety of ways. The inspection of safeguarding and looked after children services undertaken by Ofsted in June 2012 found that Corporate Parenting arrangements were not well embedded and recommended that *'Corporate Parenting arrangements are strengthened to ensure that they properly reflect the Council's responsibilities to children looked after'*. We have now further strengthened the Corporate Parenting arrangements to ensure strong elected member representation including the Lead Member, through the Members' Corporate Parenting Group. The key principle objectives of the group are set out in the terms of reference which were most recently reviewed in August 2013 (**Appendix 1**). In summary the key principal objectives are:
  - 2.2.1 To maintain a clear strategic overview of the statutory services available for children and young people ensuring that all parties take collective responsibility for promoting and ensuring positive outcomes.
  - 2.2.2 To monitor change and drive forward improvement through regular scrutiny and the Child in Care (CIC) outcomes data.
  - 2.2.3 To promote the meaning and understanding of Corporate Parenting and advocate for practical expressions across all services, among Councillors, officers, partner agencies and amongst children and young people in care.

2.2.4 The work of the MPCG is governed by the Corporate Parenting Strategy (April 2011-2014) which was updated in the April 2013 Annual Report (**Appendix 2**).

### **3. Improving outcomes**

- 3.1 The MPCG scrutinises a range of outcome data at every meeting which includes information regarding health and education outcomes as well as a range of data about outcomes for young people leaving care.
- 3.2 Councillors have raised concern in relation to the timeliness of health assessments. As a result Children's Services and Health worked in partnership to address this. Health Assessments are now a standing item on the Corporate Parenting agenda. Progress re timeliness and quality are discussed at every meeting and officers are required to report on progress and performance challenges.
- 3.3. It has been agreed that all looked after children attending school in LBBD will have a Streetbase and Splash card (see paragraph 4.4). We have worked with the team to raise awareness of these cards and incorporate use of them into health assessments. Children receive 2000 points for their health assessment which can be exchanged for rewards or Argos vouchers. We are now looking into the possibility of extending this to our LAC who are placed out of area and/or are not attending an LBBD school.
- 3.4 Young people reported they had to repeat information to professionals regarding their health. MPCG commissioned the creation of the Health Passport which is now in print and being distributed to all young people aged 15 and above.
- 3.5 In relation to educational outcomes we continue to have concerns about our high numbers of young people who are not in employment education or training (NEET) and have a dedicated NEET post as part of the Learn 2 Live team.
- 3.6 Personal education plan(PEP) completion continues to be scrutinised and is supported by the Virtual Headteacher and his staff. PEPs have been updated to ensure that they record how effectively the Pupil Premium has been allocated to support the young person in school and to evaluate how effective that support has been. To support children at the earliest age a new PEP has been introduced for the Early Years Foundation Stage for children in Reception.
- 3.7 The educational attainment of our LA children and young people continues to be one of our greatest challenges. The Pupil Premium which is currently £900 has been used by schools to offer additional tuition. In April 2014 the Pupil Premium will rise substantially to £1800. When looking at the data it is important to note that often year groups are quite small, sometimes no more than twenty. For 2012/13 performance at Key Stages 2, 59% achieved an L4 in reading, 64% in writing and 82% in mathematics. As a result of sometimes low starting points it is valuable to look at the progress children make between Key Stage 1 and Key Stage 2. In reading 82% made at least two levels of progress between KS1 and KS2, 82% in writing and 86% in mathematics. These figures indicate that we are closing the gap between the performance of looked after children and all children.

- 3.8 Performance at Key Stage 4 was low. Out of the 27 students, only 2 [7.4%] achieved 5 A\* - C with English and maths, both taught in borough schools. This was an extremely vulnerable year group and it had been very challenging to keep many of the students in full time education. 16 young people were educated in mainstream secondary schools, 8 within Barking and Dagenham. While 30% had a statement of educational need only 6 students had achieved an L4 in English and maths at KS2. Many of these young students had high rates of fixed term exclusions, incidences of absconding and poor attendance. As with the KS2 outcomes the cohort will be based on those who have been in care from April 12013 to 31 March 2014.
- 3.9 Key Stage 4 performance was very good in 2011 and our five highest performers have now achieved post-16 results which have enabled them to study degree courses at Sheffield, Greenwich and Anglia Ruskin Universities.
- 3.10 We currently support 95 young people in further education and 32 in attending university. The report that young people at university receive includes:
- 3.10.1 A leaving care accommodation bursary of £500. This is paid from the leaving care service to assist in the payment of a rent deposit for accommodation or vacation accommodation.
- 3.10.2 Graduation equipment payment of up to £150 for graduation ceremony costs including the hiring of the gown and photos of the graduation event.
- 3.10.3 Higher Education Bursary. This is a government incentive to assist all care leavers to go onto higher education. The payment is a total of £2000 and is paid over the duration of the course.
- 3.10.4 Student Loan/Bursary. We support young people in ensuring they make appropriate student loan and bursary applications to ensure they receive the maximum amount, which normally totals £9000.00.

#### **4. Listening to the voices of children and young people**

- 4.1 Best practice recommends that the Council seek the views of looked after children and young people in order to find out what issues concern them. Prior to Assembly, Members will have the opportunity to meet with Skittlz, which is the long standing and well established Children in Care Council in Barking and Dagenham, with different age groups of young people who meet regularly with both officers and elected members. This will give the young people the opportunity to share with Members their experiences of being looked after in the Borough. Assembly will be informed of the key points raised.
- 4.1.1 Skittlz meetings take place every 1-3 weeks and two member of Skittlz regularly attend MCPG.
- 4.1.2 The Pledge has been developed by Skittlz and has been sent out to all young people in care in Barking and Dagenham.

- 4.13 Skittlz attend the Participation Champions Meetings with a range of officers every two months.
- 4.1.4 Skittlz members attended the 'Listen Up Event' which gave young people a chance to share regional projects and celebrate their achievements improving the care system across England and Wales.
- 4.1.5 Skittlz members attended the BAD Youth Forum's full forum meeting at Barking Town Hall.
- 4.1.6 A Skittlz member attended the AMPLIFY residential as our representative on the Children's Commissioner's Advisory Panel.
- 4.1.7 Skittlz members have been working on their presentation for a pre-Assembly meeting on 4 December for Council Members.
- 4.1.8 Skittlz members have worked on essential placement details that all CIC should know about the Carers they are staying with.
- 4.1.9 A Care leaver has recently attended a Children's Trust meeting to deliver a presentation on her care experiences.
- 4.1.10 A Care Leaver attended a multi disciplinary conference in Waltham Forest themed on the voice of the child and spoke about his experiences and how being engaged in our service has improved outcomes for him.
- 4.2 Attendance of young people at MCPG has been key to ensuring that the voices of children and young people are able to influence service provision and development. To facilitate this, members of *Skittlz* are always invited to attend and are supported by the Participation Officer in order to ensure they feel confident in making a full contribution to the discussion.
- 4.3 Young people have raised a range of issues with MCPG ,and wherever possible solutions have been sought, often in partnership with other council departments and agencies.
- 4.4 Young people said they had insufficient access to Leisure Services - MCPG asked a range of senior managers with responsibility for Corporate Parenting to attend. Work was undertaken with Public Health to ensure grants supported healthy Leisure activities and also arranged for looked after children (LAC) to have access to Splash cards and Streetbase cards.
- 4.5 Young people said their schools sometimes labelled them or treated them differently. The Corporate Director of Children's Services wrote to all schools emphasising the importance of ensuring LAC were not being labelled and that schools ensured the same high expectations of LAC and that individual cases and support needs were addressed.
- 4.6 The issue of the disproportionately negative impact on the income support and benefits for young care leavers when taking up apprenticeships was raised by Learn 2 Live and has been taken up in writing by the Corporate Director of Children's Services with the Department of Work and Pensions.

- 4.7 The Health Passport (see paragraph 3.4) was devised in collaboration with Skittlz group feedback and funded through corporate parenting resources.
- 4.8 Young people raised issues in relation to how they experienced the services they received from their social workers and Skittlz worked with officers to address these through the development of the Pledge: Promises to our Children in Care (**Appendix 3**) which has five key commitments:
- 4.8.1. Make sure you get best care
  - 4.8.2 Look after you and treat you well
  - 4.8.3 Help you to be healthy
  - 4.8.4 Best education
  - 4.8.5 To be successful
- 4.9 This Pledge was agreed by MCPG in April 2013. We now need to analyse the impact this has had and to develop a Pledge appropriate to the specific needs of our care leavers.
- 4.10 We have also recognised the need to ensure we are engaging with looked after children and young people who are either not engaged with Skittlz or who are placed outside the borough. To address this we have:
- 4.10.1 Held two 'Out of Borough' days (Essex and Colchester), further days planned.
  - 4.10.2 Run several 7-11 and 12-16 LAC Youth Group consultation activities including involvement in Takeover Day, the Who Cares? Trust survey, Amplify consultation and annual residential trips, which the children and young people have helped to plan.
  - 4.10.3 Developed Careweb.tv and youth4Us microsites that actively seek the views of young people;
  - 4.10.4 Undertaken development of electronic review consultation forms for LAC through Careweb.

## **5. Conclusion**

- 5.1 The Corporate Parenting arrangements in the London Borough of Barking and Dagenham have undergone significant improvement in recent years. Elected members and officers meet regularly with young people and service changes are made as a consequence of these meetings. Outcomes data in relation to looked after children and young people and care leavers are routinely scrutinised and robustly challenged. There remains however much to be done to further improve the outcomes and life chances for children in our care and this requires a whole council approach and ownership.

## **6. Financial Implications**

- 6.1 Implications completed by Patricia Harvey, Group Manager, Children's Services Finance
- 6.2 The Corporate Parenting budget is included within the total Children's Social Care budget and is funded from within the general fund.

## **7. Legal Implications**

- 7.1 Implications completed by: Lindsey Marks Principal Solicitor for Children's Safeguarding.
- 7.2 The role of the MCPG in discharging the Local Authority's legal responsibilities to the borough's looked after children and care leavers will become even more pertinent following the enactment of the Children and Families Bill 2013 in this current parliamentary year [As at 23.10.2013, the Bill had reached the House of Lords Committee stage and 2 more stages remain]. Central to the Bill is the improvement of life chances for all looked after children through a) promotion of educational achievement of children looked after by local authorities; and b) the reformation of the family justice public care proceedings system tackling delays and setting these within a 26 weeks timeframe.
- 7.3. Care Matters: Time for Change clarified that health, housing and education services 'should help social services look after children in care'. The Bill extends the scope and rigour of corporate parenting which the Local Authority shall be asked to undertake and inevitably shall involve officers involved in the above agencies.

## **8. Background Papers Used in the Preparation of the Report:**

- 8.1 Care Matters: Time for Change
- 8.2 The Inspection of Safeguarding and Looked After Children Services in London Borough of Barking and Dagenham: Ofsted July 2012

## **9. List of appendices:**

- 9.1 Appendix 1: Terms of Reference for Members Corporate Parenting Group
- 9.2 Appendix 2: Corporate Parenting Strategy (2011-2013) April 2013 Annual Report
- 9.3. Appendix 3: Promises to our Children in Care

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**Terms of Reference for  
Members Corporate Parenting Group  
(MCPG)**

**Agreed and adopted on**

**Version  
3.0: 19.08.2013**

## 1.0 Purpose of the Group

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- 1.1 The purpose of the group is to oversee the extent to which the different groups and services that exist across Barking and Dagenham for children in care are tailored toward and committed to meeting their Corporate Parenting responsibilities
- 1.2 The group recognises the importance of ensuring that all children in care are given every opportunity to fulfil their potential and to succeed in life against each of the 5 outcomes set out within the Every Child Matters (ECM) Framework.

We recognise that lack of opportunities for children and young people in care can have serious and long term effects which will continue to impact throughout their lives and into adulthood.

We recognise that supporting children and young people in care is corporate responsibility that can only be achieved through multi-agency partnership working across a wide range of agencies at both universal and targeted levels.

We recognise that when we talk about positive outcomes for children and young people in care, we must consider and meet the needs of the carers and family supporting these children and that a family centred approach is essential to delivering change.

- 1.3 The key principal objectives of the group are to:
- 1.3.1 To maintain a clear strategic overview of the statutory services that are available for children and young people in care across the borough and ensure that all parties take collective responsibility for promoting and ensuring positive outcomes for this group of children and young people.
  - 1.3.2 Monitor change, and drive forward continuous improvement through regular scrutiny and questioning of the CIC outcomes dataset.
  - 1.3.3 To promote the meaning of and understanding of Corporate Parenting and advocate for practical expressions of this across all services, amongst Councillors, Officers, partner agencies and amongst children and young people in care.
- 1.4 The key policies / initiatives / agendas that drive the work of the group include:
- 1. Every Child Matters
  - 2. The London Borough of Barking & Dagenham Children and Young People's Plan
  - 3. The Barking & Dagenham Pledge to Children and Young People in Care.
  - 4. The Children in Care outcomes dataset
  - 5. Corporate Parenting Strategy
- 1.5 The Members Corporate Parenting Group (MCPG) will be supported by a smaller officer led group (the Child in Care (CIC) Outcomes Group) which will focus on

performance management and links across departments to virtually join up our service and approach for children and young people in care.

## **2.0 Group Membership – Terms and Conditions**

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- 2.1 The Terms of Reference for MCPG will be reviewed in every year in March to ensure they are still valid and fit for purpose. Any amendments must be agreed at the following meeting.
- 2.2 The membership will consist of representatives from the following services and organisations as voting members:
- Lead Councillor for Children in Care (Cllr Letchford)
  - Portfolio lead for Children (Cllr White)
  - Divisional Director for Complex Needs & Social Care (Chris Martin)
  - Two children and young people representatives from ‘Skittlz’ – Barking & Dagenham’s Children in Care Council.
  - A participation worker who will support the involvement of children and young people at the meetings (Kevin Donovan)
  - B&D Virtual Headteacher (Ian Starling)
  - B&D Looked After Children Nurse (Paula Gregory)
  - CMT rep (Helen Jenner)
  - B&D CCG commissioner (Sue Newton)
  - B&D Leisure Services rep (Andy Knight)
  - B&D Looked After Children Service manager (Jo Tarbutt)
  - Co-opted elected members (Cllrs Douglas & Kangethe)

### Non-Voting Members

- Other co-opted members as agreed by the Group – i.e. Minute Taker, Member of performance staff who will report the CIC Outcomes Dataset
  - Observers
- 2.3 The Chair will be the Lead Member and Vice Chair will be Divisional Director Safeguarding and Rights.
- 2.4 The Chairs responsibilities specifically include:
- i) Ensuring members of the group are aware of their responsibilities and boundaries of authority;
  - ii) Ensuring members of the group abide by the rules as set out in the Terms of Reference;

- iii) Ensuring appropriate behaviour and initiating any remedial action as a result;
  - iv) Managing the meeting;
  - v) Attendance register is signed by all in attendance.
- 2.5 The Vice-Chairs responsibilities specifically include:
- i) Support the Chair in 2.5 above;
  - ii) Deputise for the Chair in meetings when the Chair is not available.
- 2.6 The Membership for the MCPG will be reviewed in every year in March to ensure they are valid and fit for purpose. Any amendments must be agreed at the following meeting.
- 2.7 Members can put forward suggestions for co-opted members or for individuals to attend for specific work areas through the chair/vice chair.
- 2.8 Members of the groups should have sufficient authority to represent their service / organisation.
- 2.9 The meeting agenda and minutes must clearly state who is an official member of the group; who is Chair and Vice-Chair and who is present in a support or advisory capacity.
- 2.10 All members will be expected to abide by the following:
- i) Attend meetings on a regular basis or attend a minimum two of three meetings;
  - ii) Read the circulated papers;
  - iii) Take an active part and use expertise and knowledge;
  - iv) Be willing to learn more about issues and the work of others;
  - v) Be prepared to follow through on actions and decisions;
  - vi) Know the constraints and priorities of the agency / group represented;
  - vii) Listen to the views of others and respect each others professional differences;
  - viii) Share good practice;
  - ix) To promote equality of opportunity and the diversity with children and young people in the borough.
  - x) To speak and present in a way that is accessible to young people and to take the time to check that young people in attendance understand the discussion and have full understanding of the things that the group is being asked to vote for / discuss.
- 2.11 A member or named substitute of the group shall cease to hold office if:
- i) A member notifies the group of an intention to resign;

- ii) A member or substitute fails to attend two consecutive meetings without explanation or discussion with the Chair. The group must give notice of termination in writing to the member and relevant organisation asking for an appropriate representative to be nominated;
- iii) A member fails to comply with their obligations as set out in the Terms of Reference;
- iv) A member ceases to be a member or office holder of a Statutory Agency or other relevant organisation;
- iv) The relevant organisation / service notifies the group of the removal of the member or named substitute.

### **3.0 Group Meetings**

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- 3.1 The group will meet bi-monthly. However, ad-hoc meetings can be held as and when deemed necessary, for example at key decision points.
- 3.2 Meetings date will be set for the year at the first meeting of the financial year.
- 3.3 In order for the meetings to be considered viable there must be a quorum of three present and one of these must include the Chair or Vice-Chair, a Skittlz Member or other Councillor.
- 3.4 Responsibility for booking venues and refreshments will be undertaken by Barking and Dagenham Complex Needs & Social Care division
- 3.5 Meetings will last no longer than 2hrs unless otherwise stated, and start and finish on time.
- 3.6 Circulation of information including briefing papers and the agenda will be distributed in advance of the meeting by one week.
- 3.7 Confidential items will be dealt with in a closed session and such items will be marked confidential on the agenda. No member shall divulge or allow to be divulged any confidential information relating to discussions or reports in the group meetings.
- 3.8 The MCPG must comply with relevant legislation, such as the Freedom of Information Act 2000.
- 3.9 Minutes will be recorded by MCPG and all papers must be kept by the MCPG.
- 3.10 Minutes will be agreed and signed off at the following meetings.
- 3.11 All decisions and actions are to be recorded within the minutes.

- 3.12 Copies of minutes and agenda will be available via email from MCPG.
- 3.13 Apologies should be sent to the chair by email.
- 3.14 If any member of the group is unable to attend a particular meeting, such member should appoint a designated representative from their team to attend in their place.
- 3.15 A substitute shall be treated in all respects as a member for the group on that occasion, subject to notice for the appointment being given to the chair in advance of the commencement of the meeting.
- 3.16 All members; substitutes; advisers and observers present at meetings, must sign the attendance register as a true record of their attendance.
- 3.17 Members must disclose any interest and withdraw from the meeting and not vote on any matter where: (i) there is a conflict between their interests and the interests of a collaborating body; (ii) they have a pecuniary interest in a matter.
- 3.18 A register of interests must be compiled and updated annually.

#### **4.0 Accountability and Reporting**

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- 4.1 The group does not have statutory decision making powers or responsibilities. Recommendations made by the group will be referred to the Children's Trust Board who can then further recommend to statutory decision making bodies for approval where appropriate.
- 4.2 The group is not owned or controlled by any single organisation / department; all those involved retain their own independence whilst working collaboratively on delivering the key tasks and achieving the key goals.
- 4.3 The group is required to report annually to the Children's Trust Board and the LSCB on its work and performance related the Every Child Matters (ECM) agenda; the Children and Young People's Plan (CYPP); and any other relevant areas or statutory reporting.
- 4.5 From time to time it may be necessary to set-up various working task groups to focus on specific pieces of work.
- 4.6 Members are expected to provide feedback to their relevant services / departments.
- 4.7 Decision making and recommendations will be agreed through a consensus rather than formal voting. However, members can formally request a vote and decision making or recommendations will then be agreed on the basis of a majority vote. In the event of a tied vote the Chair will hold the final decision.

- 4.8 In order for decisions to be valid, there must be a quorum of members including the Chair and representatives from the following services / organisations: Councillors, LBBB & young people representatives from the Children in Care Council.
- 4.9 Only designated members of the group are allowed to make decisions and vote. Support officers and advisors do not hold voting rights. However, if directed by the Chair can offer further advice and guidance on a particular topic.
- 4.10 The group will ensure working relationships with the following key groups:

<b>Group</b>	<b>Liaison Lead</b>
CIC Outcomes Group	Chris Martin
Children's Rights Officers and Advocates (CROA)	Kevin Donovan
Skittles (LBBB Children in Care Council)	Skittles Young People Representatives.

Other groups will be added as required.

## **5.0 Conflict and Dispute Resolution**

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- 5.1 In the event of a dispute that has arisen within the group, the underlying principle is that it should be handled first, without the need for formal procedures. Discussion between partners should take place at the earliest stage to help ensure disputes are resolved speedily.
- 5.2 If members are unable to agree a resolution informally the decision will be postponed, whilst further information or advice is sought from members organisations to allow for further consideration and a decision to be made.
- 5.3 In exceptional circumstances a matter may be referred to the Director of Children's Services and Chief Executives of partner organisations and a decision will be reached by them.

These Terms of reference were completed on [Date] and agreed on [Date].

<b>Name of Chair:</b>	Clr Letchford
<b>Signature:</b>	
<b>Name of Vice-Chair:</b>	Chris Martin

<b>Signature:</b>	
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- End of Terms of Reference-





# Children's Services Corporate Parenting Strategy

**April 2011 – April 2014**

**April 2013 annual update report.**

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**Prepared By**

<b>Document Owner(s)</b>	<b>Role</b>
Chris Martin	Divisional Director
Helen Jenner	Corporate Director

## **Foreword**

### **Corporate Parenting Strategy Aims**

Barking and Dagenham Council's Corporate Parenting Strategy for Looked After Children demonstrates our commitment to ensuring that the life chances of every child and young person in our care are improved in line with their peers through the provision of effective support that addresses disadvantage and enables them to reach their full potential.

The overall aim of this strategy is to reinforce the corporate responsibility of the whole council, and our partner agencies, through commitment to a range of initiatives which reflect national and local policies and best practice.

### **Corporate Parenting**

Corporate Parenting is the term used to refer to the collective responsibility of the Council to provide the best possible care and protection for children and young people who are 'looked after', that is, those who are in the public care.

Effective corporate parenting in Barking and Dagenham, demands commitment from all council employees and elected members and an authority wide approach.

This responsibility for Local Authorities was first laid out in the Children Act 1989 and recent Government guidance for Councillors "*If this were my child*" reiterated the leading role of Councillors in ensuring that their Council acts as an effective corporate parent for every child in care, actively supporting standards of care and seeking high quality outcomes that every good parent would want for their child.

We are fortunate that we have partners, in other agencies, across the Borough who share our commitment to Corporate Parenting and take their role, through the Children's Trust extremely seriously, and we receive regular reports to the Board.

We are passionate that this must be a priority for everyone, ensuring the best possible outcomes for children for whom we act as parents

Helen Jenner  
Corporate Director for Children's Services

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### Corporate Parenting

The responsibility of local authorities in improving outcomes and actively promoting the life chances of children they look after has become known as 'corporate parenting' in recognition that the task must be shared by the whole local authority and partner agencies. The role of the corporate parent is to act as the best possible parent for each child they look after and to advocate on his/her behalf to secure the best possible outcomes.

(Children Act 1989, Guidance & Regulations Vol. 2, Care Planning , Placement and Review, DfES 2010)

## 1 INTRODUCTION

Most children and young people live successful and happy lives within their families and have little need for external support other than that provided universally by services such as health or education. However, for some, targeted and specialised support is required to help address particular problems and maintain the family as a unit. Such support will vary and may come from Schools, Integrated Family Services or Health Services but, whatever form it takes, services will always be based on a full assessment of child or young person's needs within the family, will be planned and coordinated, and delivered to agreed outcomes to ensure their best interests are met.

For a small number of young people, such interventions are insufficient to ensure their safety and well-being. In these cases, either with the agreement of the parent/s or through care proceedings, the Council needs to assume responsibility for these children. Children in this situation come into care and the Authority takes on the role of Corporate Parent. Corporate Parenting is the term used to describe the duties of the Local Authority and its partners to children and young people in care. Its central principle is that the Local Authority and its partners should parent children in care the same way any parent parents their own children.

In essence it means:

1. Accepting responsibility for all children in the Council's care
2. Making their needs a priority
3. Seeking the same outcomes any good parent would want for their own child.

The Children Act 1989 defines a child as being aged 0 - 18 years, but the Children (Leaving Care) Act 2000 extends a Local Authority's responsibilities to care leavers up to the age of 21, or 25 if they are in full-time education.

When a Local Authority looks after a child or young person, it has a legal responsibility to share the duties and responsibilities of the child's parent. Where a child or young person is subject to a Care Order, this responsibility is conferred upon the Local Authority by a Court. Although it is best practice not to make any decision in relation to the child or young person in isolation from considering the wishes and feelings of the parent, the Local Authority does have the power to do so. These powers include giving consent for children or young people to undergo medical interventions.

Unlike children or young people subject to Care Orders, children and young people in care under Section 20 of the Children Act 1989 are looked after

under a partnership arrangement with the parent. The Local Authority does not share parental responsibility with the parent and cannot consent to any planned medical treatment except in exceptional circumstances. Parents should be consulted about all aspects of a child's care, but there are numerous occasions when the Local Authority acts in the best interests of a child, in the absence of a parent. An arrangement under Section 20 may be discharged at any time by a parent and the child or young person must be returned home.

Irrespective of how a child or young person comes into our care, it is always more beneficial to the child or young person that the Local Authority works in partnership with the parent whenever it is possible.

In order to fulfill our role as a responsible Corporate Parent, this Strategy sets out Barking & Dagenham's commitment and determination to deliver improved outcomes for our children and young people in care. We want their childhoods to be safe, secure, healthy, productive and enjoyable as well as providing stable foundations for the rest of their lives.

We are determined:

- to give every child and young person in care a stable, high quality placement
- to get them a place in a good school and help them get the most out of it
- to support them in continued training, employment or education past the age of 16
- to secure support for all aspects of their lives outside school
- to better support them to make a positive transition into adult life
- to focus their needs through strong accountability.

The Strategy aims to focus the role of the Corporate Parent by outlining key activities that support the Corporate Parenting role.

The 2011 – 14 strategy will also be reviewed on an annual basis by the Members Corporate Parenting Group and progress will be reported in the form of an annual update report, as enclosed herein.

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## 2 THE NATIONAL CONTEXT

As of March 2012 there were 67,050 children in care in England and it is well documented that they underachieve educationally and are highly represented in social exclusion factors such as teenage pregnancy, unemployment, youth offending, poor mental health, drug and alcohol abuse and homelessness.

Evidence suggests that children who come into care require support, stability and opportunities so that they can overcome these barriers and maximise their life chances.

The Government also acknowledges that nationally there is a gap between outcomes for children in care and those of all children.

In 2008, for example:

- Only 66% of young people left care with 1 or more GCSE compared with 99% in the non care population
- Only 14% left care with 5 A\*-C grades compared to 65% of all young people
- Their health is poorer than that of other children. 45% of children and young people in care were assessed as having a mental health disorder compared to around 10% of all children
- 9% of children in care aged 10 and over have been cautioned or convicted of an offence, compared to 4.3% of all children
- 30% of care leavers aged 19 were not in education, employment or training compared to 8.1% of all 19 year olds.

To address this, the government launched a Green Paper, Care Matters, which was followed by a White Paper, Care Matters: Time for Change.

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### 3. THE LOCAL CONTEX

Update for March 2013

There were 420 children and young people in the care of Barking and Dagenham (78 per 10,000 population under 18), compared to 427 (79 per 10,000 population under 18) in March 2012.

- 38% with the agreement of parents (Section 20) compared to 39% last year.
- 61% through Court Orders (Interim, Full Care Orders, Placement Orders) compared to 60% last year.
- 1% remanded into LA Care.
- 82% children in care are placed with foster or adoptive families compared to 81% last year.
- 5% are placed within residential settings compared to 7% last year.

The majority of the rest of the children in care are placed in semi-independent accommodation with a few placed with their birth families as part of a reunification process.

Where children and young people are unable to return to their birth family, adoption and special guardianship orders are considered, as these offer a secure, permanent and stable alternative. In 2012/2013, 15% of children left care through adoption or special guardianship compared to 17% in 2011/12, and 12% in 2010/11.

Over the past few years, Barking & Dagenham Children's Services have invested significant effort into raising the aspirations of both children and young people in care and their allocated workers.

The results of our efforts can be seen in the following outcomes for children in care:

<b>Outcome</b>	<b>04/05</b>	<b>05/06</b>	<b>06/07</b>	<b>07/08</b>	<b>08/09</b>	<b>09/10</b>	<b>10/11</b>	<b>11/12</b>	<b>12/13</b>
Health of children in care for a year or more	90.8%	97.3%	98.1%	98.6%	93.0%	90.1%	91.0%	94.2%	71.2%
Looked After Children achieving 5 A*-C GCSEs (or equivalent) at Key Stage 4 (including English and Maths)	n/a	n/a	n/a	10.0%	9.4%	12.5%	21.4%	20.0%	7.4%
The Employment, Education & Training of Care Leavers (NI48)	55.0%	38.8%	51.0%	58.3%	49.2%	48.6%	49.0%	40.4%	56.4%

The number of young people who were previously in care and are now studying at university as of November 2012 is 22, however despite this inspirational improvement there is still work to be done to eliminate the gap between the achievements of children in care in comparison to their peers, who still achieve much better educational outcomes. It is the responsibility of all professionals working with children and young people in care to make sure that they are given the highest priority, and to give them the help and support that they need to maximise their life chances.

Although the statutory responsibilities for children in care are primarily discharged by Children's Services and the Complex Needs and Social Care division, Corporate Parenting is the responsibility of all Council departments and partner agencies.



The success of Corporate Parenting depends on ownership and leadership at a senior level, including elected members who have a specific role to play in ensuring that the outcomes and life chances of looked after children and young people are maximised.

### **THE ROLE OF CORPORATE PARENTS IN BARKING AND DAGENHAM:**

As Corporate Parents, we need to continually ask:

- If this were my child, would it be good enough for them?
- If I were that child, would it be good enough for me?
- How could I make it ever better?
- How will I know that they have done well and are happy and successful?

Corporate Parenting is a borough-wide issue which involves not only Senior Managers and elected members, but also all staff in agencies who have contact with or are working together with children and young people. Staff in all agencies have a duty to ensure that they play their part as effective Corporate Parents. We must demand the highest standards for all our children in care, ensuring that systems and services are in place which reflects their needs, abilities, cultural heritage and life experiences.

### **3 GOVERNANCE & DELIVERY OF SPECIALIST SERVICES FOR CHILDREN IN CARE**

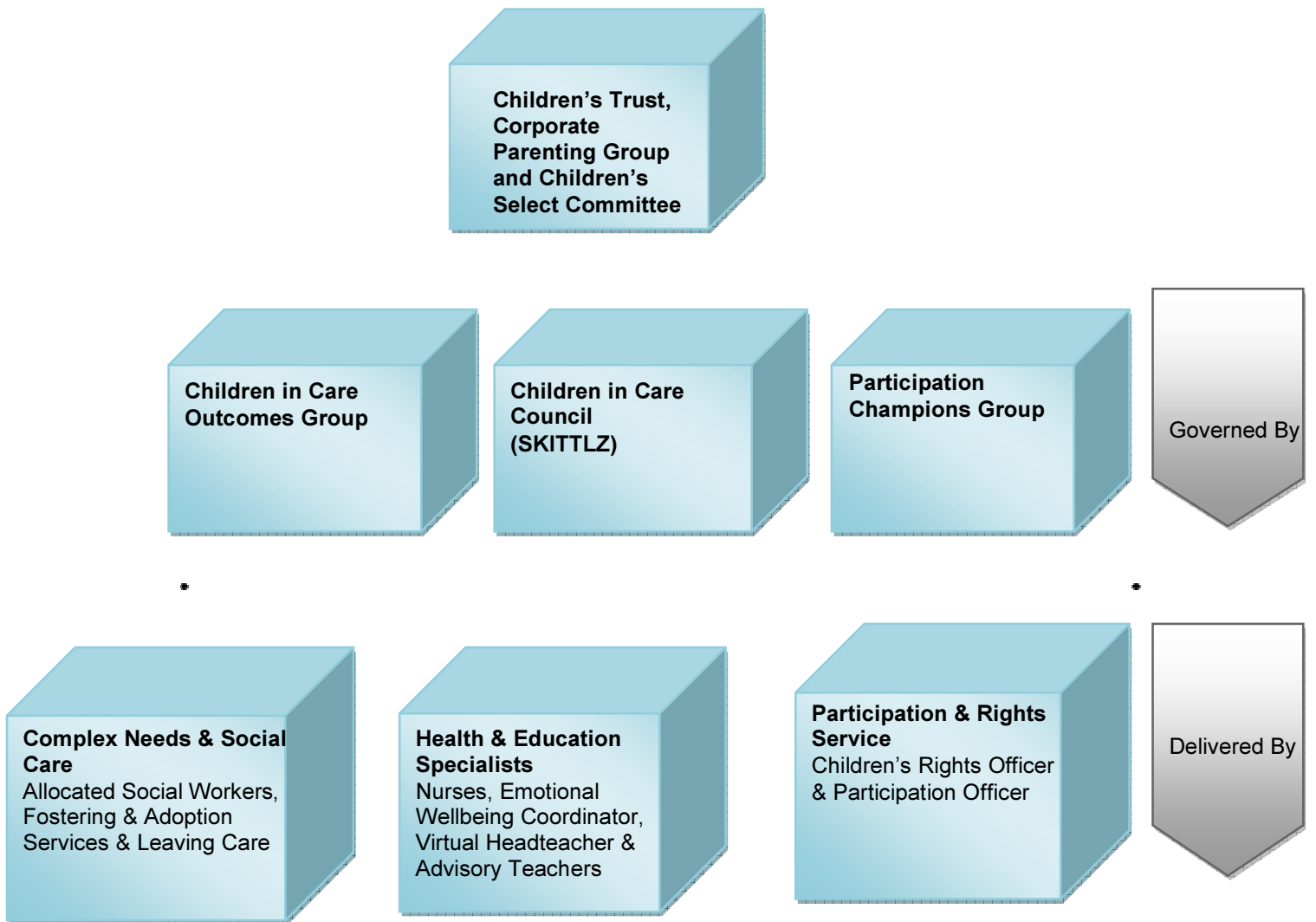
Reports to the Children's Trust, the Children's Select Committee and the Local Safeguarding Children Board from Corporate Parents ensure that outcomes for Looked After Children are closely monitored.

The Children In Care (CIC) Outcomes Group acts as a strategic hub in collating and analysing performance information across developmental domains for children in care. Representation on the CIC Outcomes Group is from Social Care, Health and Education and it is chaired by the Director of Children's Services.

The Skittlz Group is Barking and Dagenham's Child in Care Council. The group comprises representatives from each age group who have a regular dialogue with Senior Managers to ensure that the views of children and young people are being heard. The group actively seeks to gather and promote the views of other children and young people in the care of Barking and Dagenham Children's Services.

The Participation & Champions group is a new sub group to the Members Corporate Parenting Group. This group consists of looked after young people via Skittlz (CiC Council) and a group of social workers including Independent Reviewing Officers and the Divisional Director for Complex Needs and Social Care. This group initially came together to enable young people to share directly their insights with a group of social workers. Further discussion at this initial workshop discussed whether there would be value in a regular meeting of Skittlz representatives and operation staff so that young people's experiences could be shared and changes to practice and procedure could be debated and simply implemented where possible. The group has begun to meet on a bi monthly basis and initial tasks include agreeing membership and terms of reference. The group also has the potential to be 'tasked' by the MCPG to explore specific themes as a group of both young people and professionals and report findings / make recommendations back to the MCPG itself.

Figure: Governance and Delivery of Specialist Services for Children in Care



### Key Achievements 2012/13

- Continued improvement in the unauthorised absence from school performance over the past 3 years to the extent that Barking and Dagenham is ranked 2<sup>nd</sup> nationally.
- Children Looked After who have been excluded from school (fixed term) is now below the national average (11.7% nationally) and Barking and Dagenham ranked 8<sup>th</sup> nationally.
- Over 85% of young people aged 16 plus have up to date pathway plans that have been reviewed in the past 6 months, an improvement of over 35% when compared with the performance 2 years ago.
- Reduction in the number of young people cared for in residential institutions from 33 at the beginning of the year to 23 at the end March 2013.
- Increase in the number of young people cared for by local foster carers; 251 at March 2012 to 266 in March 2013.
- 81% of children in care are currently placed in foster care or placed for adoption - a 2% increase on the previous year.
- Specialist fostering scheme PITSTOP has expanded from 5 to 9 placements in the past year.
- Placement stability for Children Looked After has been maintained has improved – both long term and short term
- The Emotional and behavioural health of looked after children has improved with the average score falling from 18.4 in 11/12 to 13.5 in 12/13. This is in line with national averages.
- The percentage of Care Leavers in suitable Accommodation continues to improve, rising from 87% in 11/12 to 92% in 12/13.
- Young people in care council (Skittlz) meets bi monthly with Divisional Director and a group of social workers across the directorate to discuss and debate concerns and to take action improve services offered to children in care. This has for example, resulted in young people piloting the use of digital media to ensure meaningful contributions to their reviews. The work of this group will be regularly reported to the Members Corporate Parenting Group.
- A group of young people in care have begun to contribute to the Complex Needs and Social care division's review and re-shaping of a future social work service.
- Skittlz continue to attend and contribute to Member's Corporate Parenting Group, supported by the Rights and Participation Team.
- The Participation Champions group has been established as a sub group of the MCPG. This is a group consisting of front line social workers and Skittlz representatives, to enable young people to express their views to social workers and to make simple adjustments to practice where possible.
- 'Young People's Take Over Day' is undertaken every November with young people who are / have been looked after shadow key staff from Children's Services. The directorate remains committed to acting upon the feedback received by young people as a consequence of their time with managers.

**Children In Care Dataset - Children's Complex Needs and Social Care**

Description of Indicator	End of Year 2011/12 Performance		End of Year 2012/13 Performance	
	Numbers	%	Numbers	%
Number of Children in Care	427	n/a	420	n/a
Children in Care Rate per 10,000	86	n/a	78	n/a
Children who have had 3 or more placements	54/427	12.6%	39/240	9.3%
Children aged under 16 who have been in care for at least 2.5 years and in the same placement for 2 years	64/97	66.0%	86/115	74.8%
Children in care reviews completed within timescales	349/406	86.0%	320/390	82.1%
Children in Care participating in their review	323/327	98.8%	308/314	98.1%
Emotional and behavioural health of looked after children	179/3300	18.4	185/2496	13.5
Placed for Adoption Timing	14/22	63.6%	14/21	66.7%
Children In Care with up to date 3 monthly visits	190/212	89.6%	188/228	82.5%
Children In Care with up to date 6 weekly visits	162/218	74.3%	138/187	73.8%
Children In Care with an up to date PEP	190/255	74.5%	190/254	74.8%
All Children In Care with up to date health checks	357/427	83.6%	265/420	63.1%
Children in Care for a year or more up to date health checks	261/277	94.2%	195/274	71.2%
Care Leavers with an up to date Pathway Plan	203/226	89.8%	203/230	88.3%
Care leavers age 19 in employment, education or training	19/47	40.4%	22/39	56.4%
Care Leavers in Suitable Accommodation	41/47	87.2%	36/39	92.3%

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**1**  
To make sure you get the best care

**2**  
To look after you and treat you well

**3**  
To help you be healthy

**4**  
To get the best education

**5**  
To be successful in life

# Promises to our children in care

Everyone at The council wants to do their best to support young people who are in our care. Our promises to you will help us to make sure that all children and young people in care are looked after well. Our promises include a number of things we will do that will help make sure that your time in care is a positive experience.

## To make sure you get the best care we promise to:

- give you your own social worker and tell you who you can contact when they are not available;
- Involve the children in care council (**Skittiz**) in reviewing how well we are keeping our promises to you;
- make sure that adults, such as carers and workers, get the right training to understand the issues that affect children in care;

- talk to you about when you and your family can see or contact each other and support travel arrangements: if you can't see or contact your family we will tell you why;
- keep brothers and sisters together, wherever possible;
- make sure you meet with an Independent Reviewing Officer (IRO) before your review so you can share your thoughts about your care;
- share the good things that you have done in your review and discuss issues you feel are important;
- support you to make a complaint if you need to;
- provide a Children's Rights Service and an independent advocate to speak for you if you want them to.



Barking & Dagenham Children in care

# Promises

## To look after you and treat you well, we promise to:

- make sure your social worker doesn't change unless there is a good reason for it;
- make sure your social worker stays in touch and visits you regularly to see how you are;

## To write a care plan which is all about you and your needs and which is looked at regularly;

- listen to you, be honest and take notice of what you want ;
- talk to you about why decisions are made and explain this clearly in a way you can understand;
- make sure you are in a placement that is suitable for you.

## To help you be healthy we promise to:

- make sure you have regular health, dental and eye check- ups;
- make sure you have opportunities to do fun things and get to know other children in care;
- provide allowances for you to do activities and access our Leisure Centres for free if you are a care leaver.

## To get the best education we promise to:

- make sure that you have a place at a good nursery or school that will help you to do your best;
- work with your school and designated teacher to help you do your best by having a personal education plan;
- help you to get on the courses you want to study;
- celebrate your achievements and successes.

## To be successful in life we promise to:

- make sure that you are asked about important decisions which affect your life;
  - make sure that when you move from one service to another or leave our care that there is a plan in place that is suitable for you;
  - provide you with support to live independently when you're ready;
- make sure you leave care with your savings;
  - help you learn to manage money well;
  - help you get ready for the world of work, find a job or training placement.



Please do not hesitate to contact the Children's Rights and Participation Team should you have any questions or queries

**020 8227 5051**



## ASSEMBLY

4 December 2013

<b>Title: Small Business Friendly Borough Award</b>	
<b>Report of the Cabinet Member for Regeneration</b>	
<b>Open Report</b>	<b>For Information</b>
<b>Wards Affected:</b> All	<b>Key Decision:</b> No
<b>Report Author:</b> David Harley, Group Manager Economic Development and Sustainable Communities	<b>Contact Details:</b> Tel: 020 8227 5316 E-mail: david.harley@lbbd.gov.uk
<b>Accountable Divisional Director:</b>	Jeremy Grint, Divisional Director Regeneration and Economic Development
<b>Accountable Director:</b>	Chief Executive
<b>Summary:</b> Earlier this year the London Borough of Barking and Dagenham won the overall award of 'Best All Round Small Business Friendly Borough' at the inaugural Small Business friendly Borough awards. The awards were run by the Federation of Small Businesses (FSB) and London Councils. This report provides the background to the awards and why the Council won.	
<b>Recommendation(s)</b>  The Assembly is asked to note the award.	
<b>Reason(s)</b> The award is welcome recognition of the Council's efforts in supporting small business growth which is an essential element of 'Maximising growth opportunities and increasing the household income of borough residents'.	

**1. Introduction and Background**

- 1.1 The inaugural Small Business Friendly Borough Awards were held at the CBI Conference Centre (Centrepoint) on the 5 September 2013. The awards were a joint initiative between the Federation of Small Businesses (FSB) and London Councils (with media partner London 24). The two parties came together recognising that close engagement between small businesses and Councils is vital to ensure small business friendly policies.
- 1.2 There were four categories: procurement, supporting local trade, cutting red tape and the top prize of small business friendly borough. Councils had to submit detailed entries providing evidence of how they met the criteria. Over two thirds of London Boroughs submitted an entry. LBBd submitted for the overall and procurement awards.

- 1.3 The awards material states “This award commends Councils for successfully implementing wide-ranging policies to support and develop the local micro and small business community.”
- 1.4 The Leader of Merton Council, Councillor Stephen Alambritis (who worked for the Federation of Small Businesses for many years) presented the award and highlighted how LBBB has addressed the challenges of the decline in manufacturing by developing the Single Programme in conjunction with businesses to provide a strong and comprehensive programme of enterprise and business support. **Appendix 1** is London Councils' briefing note about the awards.
- 1.5 The support the Borough currently offers includes:
- A business start up and business support service run through the Barking Enterprise Centre. This offers free advice, support and workshops to entrepreneurs living in the borough and free support to existing businesses.
  - A Business Relationship Manager (reduced from two) who visits businesses giving a wide range of support and encouraging local employment/apprentices where relevant.
  - Supply chain support to encourage firms to win contracts.
  - Supporting a number of retail and industrial business forums/partnerships
  - Annual Business Awards showcasing the Borough's business base and helping businesses promote themselves.
  - Networking activity for businesses to engage with each other, the Council and other stakeholders to help boost trade.
  - A Greening business project helping businesses save money through reducing energy and waste.
  - Inward investment support for businesses looking for premises.

Many of these are set out in the **Appendix 2** leaflet and on the Bold and Dynamic website – a dedicated website for business support and inward investment for Barking and Dagenham ([www.boldanddynamic.co.uk](http://www.boldanddynamic.co.uk)). With reduced funding the extent of these activities will be significantly curtailed in future years.

- 1.6 In addition the Council actively engages with the private sector through a range of ways - through the private sector led Skills, Jobs and Enterprise Board, through the Cabinet Member for Regeneration's regular Roundtable events with the Chamber of Commerce, through the various retail and industrial area forums and the Barking Town Team and through the one to one support offered by the Business Relationship manager.
- 1.7 The Council has promoted the award win through the LBBB, Bold and BDE websites, Facebook and twitter together with a BOLD newsletter. There has been coverage in the B&D Post, East London Advertiser and through the London 24 webpages.
- 1.8 Alongside the win the Borough's businesses have had further success in recent months. Abigail Shillingford of <http://amustnaturals.com> who was “highly commended” in the micro business category in the Borough's own 2013 Business awards was invited to the Prime Minister's office in recognition of her business success. She is a resident of the borough, a Barking Enterprise Centre start up and

assisted by the Council's Business Relationship Manager. Also Roof Ltd, who won Business of the Year at our 2013 awards, have won The Crystal Award for Sustainable Innovation in Business at the East London Chamber of Commerce and Industry/Docklands Business Club Business awards. Barking and Dagenham businesses were extremely well represented at the awards helping further showcase the borough as a good place to do business.

## **2. Consultation**

- 2.1 The Skills, Jobs and Enterprise Board have discussed a similar report and will act as further ambassadors promoting the Borough's achievements.

## **3. Financial Implications**

Implications completed by: Phil Horner, Principal Accountant

- 3.1 The costs involved in achieving this award were met from existing Regeneration and Economic Development Budgets.

## **4. Legal Implications**

Implications completed by: Eldred Taylor-Camara, Legal Group Manager

- 4.1 There are no legal implications associated with this report.

### **Background Papers Used in the Preparation of the Report:**

None

### **List of appendices:**

Appendix 1: Leaflet for businesses in the borough setting out support available.  
Appendix 2: London Council's Briefing Note for the Awards

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Photograph by Tim Crocker



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Karthik Durgaprasad: 07968 521585

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[www.boldanddynamic.co.uk](http://www.boldanddynamic.co.uk)

### Business Relationship Managers

Business Relationship Managers provide free advice and bespoke support to established businesses aimed at improving growth and productivity including business health checks, development plans and coaching. They have access to a commercial property database which they can search based on your space requirements. The managers can also signpost businesses to a wide range of other support services as well as Council departments such as Planning, Property, Trading Standards and Highways.

[www.boldanddynamic.co.uk](http://www.boldanddynamic.co.uk)

Paul Bishop 07968 521390

Karthik Durgaprasad 07968 521385

### Barking Enterprise Centre

The centre is a one stop shop for start up businesses offering a comprehensive package of advice and training for aspiring entrepreneurs funded by the Council. The centre also provides financial health checks and development advice for established businesses. The Centre offers 'easy-in, easy-out' accommodation for businesses in the newly built centre.

[www.barkingenterprisecentre.co.uk](http://www.barkingenterprisecentre.co.uk)

### Business Loan Fund

Businesses based in the borough can raise expansion capital of up to £ 10,000. The Barking Enterprise Centre offers financial health checks and facilitates the loan application and process. Loans are administered by East London Small Business Centre.

[www.smallbusinesscentre.org.uk](http://www.smallbusinesscentre.org.uk)

[finance@smallbusinesscentre.org.uk](mailto:finance@smallbusinesscentre.org.uk)

[mark.kass@barkingenterprisecentre.co.uk](mailto:mark.kass@barkingenterprisecentre.co.uk)



### Barking and Dagenham Chamber of Commerce

Whatever your business does, the Chamber's business support services can help you. With a proven ability to help its Members flourish, the Chamber is passionate about those doing business in Barking and Dagenham, giving you a voice on the local and national stage and ensuring its Members' needs are met. With innovative training, business seminars, networking opportunities, access to a commercial vacant property database and a broad range of other resources, the Chamber is the first place businesses come to when they need reliable business services, advice and support. There's a lot going on in the Chamber, and you can be part of it!

[www.bdchamber.co.uk](http://www.bdchamber.co.uk)

### Barking and Dagenham Business Awards

Raise your business profile in the region and win new customers by participating in the business awards. It is an annual awards ceremony, followed by a gala dinner and networking organised by the Council, celebrating the success and achievements of local businesses.

[www.bdbawards.com](http://www.bdbawards.com)

### Social Enterprises

Through the Barking and Dagenham Centre for Voluntary Services you can access information on setting up a social enterprise. The Ripple Centre in Barking offers meeting rooms and modern desk space that can be rented out on a flexible basis.

[www.bdcvs.org.uk](http://www.bdcvs.org.uk)

Starting Point offers business planning, fundraising support, legal advice, incubation and hot desk space for new and growing community groups and social enterprises.

[www.starting-point.org.uk](http://www.starting-point.org.uk)

### Workforce and Apprentices

Businesses can reach the widest number of potential recruits and access bespoke recruitment advice and support, including apprenticeships, by contacting the Council's Employment and Skills Team.

[www.boldanddynamic.co.uk/business/workforce-development-recruitment](http://www.boldanddynamic.co.uk/business/workforce-development-recruitment)

### Business Training

Barking & Dagenham College can deliver training that's tailored to your business. To understand your business and skill needs, a friendly account manager will visit your premises completely free of charge, conduct the review and offer accredited training or bespoke solutions to meet YOUR needs. Our courses range from compliance & legislative topics to work based training and professional development for businesses across a range of industries. We can help you recruit an apprentice for your business and access the Apprentices Grant for Employers.

**For more details visit**

[www.barkingdagenhamcollege.ac.uk/employers/](http://www.barkingdagenhamcollege.ac.uk/employers/)

### Retail Forums

Specialist assistance for retailers in some of the Borough's shopping areas is offered through the Council's Business Partnerships Project which allows retailers to collectively address issues such as crime, parking and also access business support services offered by the Council.

[www.boldanddynamic.co.uk](http://www.boldanddynamic.co.uk)

### Supply Chain and Winning contracts

Access new markets through developing your supply chain capabilities. Specialist advice and support is available through the Fit for Legacy project, run by East London Business Place. The Council is a partner in the project and local businesses can access expert advice on how to win contracts and tenders. You can also obtain direct access to local tendering opportunities. Contact the Business Relationship Managers for more information.

[www.elbp.co.uk](http://www.elbp.co.uk)

Telephone 020 8227 3319

### Greening Businesses - Saving money through sustainability

The Council is a partner of the Greening Business Programme which is funded by the European Regional Development Fund. This project offers free advice on energy saving, grants and information on achieving internationally recognised environmental standards such as ISO 14001 and achieving green credentials. Contact the Business Relationship Managers for more information.

[www.mccbusinessolutions.co.uk/greening](http://www.mccbusinessolutions.co.uk/greening)



# The Small Business Friendly Borough Awards 2013



## Overview

Small firms are playing an increasingly important role in London's economy. They represent approximately 97 per cent of all businesses in the capital and provide half of the city's 3.4 million jobs<sup>1</sup>. Excluding the financial and insurance sectors, they account for about £430 billion of business turn-over<sup>2</sup>. They are not only key wealth generators but are also an important part of their local communities. Small businesses face a number of challenges to their survival and growth including difficulty accessing good quality business advice and support, affordable workspace, business finance and public sector procurement contracts.

Recognising the importance of small and micro businesses, councils across the capital have been actively cutting red tape, simplifying procurement processes, providing business support services, investing in infrastructure, and running campaigns to support local trade. To celebrate this work and the positive impact it is having on London's small and micro business community, London Councils partnered with the London Region of the Federation of Small Businesses (FSB) on the inaugural Small Business Friendly Borough Awards for London. The awards were designed to highlight effective business friendly initiatives, and to allow boroughs to learn from good practice. This briefing provides an overview of some of the successful schemes that councils have been implementing.

*Winners were presented with their awards at the CBI conference centre on 5th September. Image: Paul Bennett/London24*



<sup>1</sup> Centre for Cities, 2012, Size matters: The Importance of Small Firms in London's Economy

<sup>2</sup> LEP, 2013, Jobs and Growth Plan

## Award winners

**Best all round small business friendly borough** - commends councils for successfully implementing wide-ranging policies to support and develop the local micro and small business community.

- **Winner - LB Barking and Dagenham:** The council's private sector-led Skills, Jobs and Enterprise Board implemented a Single Programme of enterprise and business support for new and existing businesses. This included running a one-stop shop service and offering free one to one support and low cost workspace. The council also supports seven retail and industrial business forums, supports local procurement through its framework contractors, assists local firms to become fit to supply, offers access to finance and advice to increase environmental sustainability (thereby reducing small business costs), and runs annual Business Awards. The borough has the 4<sup>th</sup> highest new business formation rate in the UK, and businesses starting up have a greater chance of survival in early years compared to neighbouring areas and the UK average. The borough has also seen an increase in its self-employment rate and in net additional VAT registered businesses, as well as an above average growth in the business start-up rate.
- **Highly commended - LB Hammersmith and Fulham:** The council ran a programme of activities based on consultation with local businesses under the banner 'They said ... together we will' to support local business to grow and thrive. These activities included a one-stop advice portal, a monthly entrepreneurs event, a quarterly e-newsletter and guide to business support, a guide for SMEs on 'How to do business with the council', an annual networking and expo event, and annual Brilliant Business Awards. The council also developed a free CD ROM detailing 3,000 borough suppliers. Following implementation of the programme there has been a 5 per cent increase in the number of micro businesses in the borough, and the high-street vacancy rate has fallen below the London average.

**Best campaign to support local trade** - recognises specific council campaigns which have encouraged and supported the local micro and small business community.

- **Winner - LB Waltham Forest:** As part of its Project 2013 programme of regeneration work, the council invested £9m on high streets, including carrying out award-winning shop front improvements. To showcase the re-developed business locations created by this work, the council ran a Love Your High Street project. This included: a vouchers scheme, where residents could spend £5 to purchase £15 in vouchers to redeem at participating businesses; a directory of the borough's Hidden Gem retailers, with a challenge for residents to shop at a Gem and share a photo in an online gallery; and masterclasses at high street venues on topics chosen by local businesses, including social media strategy and visual merchandising.
- **Highly commended - LB Bexley:** Following feedback from small businesses that their most pressing challenge is getting new customers, the council introduced a *Think Local First* campaign to encourage council staff - and provide them with the tools - to give local small businesses an opportunity to quote for council contracts up to £35,000 in value. The campaign included building a business search facility on the intranet to enable officers to source local small businesses, and running a multi-channel marketing campaign to raise awareness of opportunities among council officers and local businesses.
- **Commended - LB Hillingdon:** Working with local businesses, the council ran an Independents' Day campaign in Northwood Hills to encourage residents to support small businesses by trying something local somewhere local. The day involved special offers, decorations and free branded shopping bags to generate interest. The majority of participating businesses reported a marked increase in shoppers and takings on the day. The council is now helping small businesses to promote special discounts to residents through the HillingdonFirst card, which also offers residents preferential rates at council parking, leisure facilities and other council services.



**Best small business friendly procurement** - celebrates council procurement activities that have enabled micro and small businesses to gain access to public sector contracts.

- **Winner - LB Harrow:** The council's Sustainable Procurement project was introduced to encourage a diverse base of small local suppliers. The project involved identifying local suppliers and advertising tender opportunities to them, as well as delivering pre-tender workshops to explain the tendering process. The council has also simplified its procurement processes on the basis of feedback from suppliers including replacing Pre-Qualification Questionnaires with a succinct single-stage process and introducing an e-procurement system which means potential suppliers only have to upload their information once. As a result of this activity, small firms have won a number of significant contracts, and council spend with local businesses and small businesses has increased, with the number of contracts with small firms increasing by 7.5 per cent.
- **Highly commended - LB Bexley:** In order to support local small businesses the council is reviewing its contract procedure rules to mandate officers to seek at least one of the three quotations required for work up to the value of £50,000 from a local supplier where possible. The council also runs advice sessions for local businesses on how to prepare for forthcoming tender opportunities, and provides a platform called Marketplace where local businesses can promote themselves. It is also working with major contractors to include more local businesses in the sub-contract procurement process. As a result of these efforts, the council's local spend has increased by around 10 per cent.

**Best cutting of red tape** - recognises council policies which have successfully reduced the administrative burden on micro and small businesses.

- **Winner - LB Havering:** The council introduced an online procurement system called iProc to simplify the procurement process and cut the administrative burden on small businesses. The paperless system for ordering and paying for goods, works and services has reduced payment times, improving cash flow and financial planning for small businesses. It has also increased the visibility of SMEs across the council, allowing officers to better monitor the council's small business spend, which is steadily increasing with the uptake of iProc.

## Other successful schemes

**Access to good quality business advice and support** is critical to small businesses. In 2011, 45 per cent of small businesses in London felt that they lacked the information and practical knowledge to grow their business<sup>3</sup>. Councils across the capital are working hard to provide the advice and support that small businesses need, as well as sign posting them towards useful sources of information:

- Several councils, such as Sutton, Camden and Westminster have introduced business support services alongside incubation hubs and low cost hot-desking or other office space, helping to also give small businesses access to affordable space which they so desperately need.
- A number of councils, such as Southwark, Sutton and Camden, have offered start up courses, retail and other training through pop up shops, which also give fledgling businesses valuable exposure to potential customers.

<sup>3</sup> Federation of Small Businesses, London Members Survey, April 2011

London boroughs have introduced a range of initiatives to **raise awareness of local small businesses** and help them promote their offer and raise their profile:

- Hackney Council worked with UK Trade and Investment to set up Hackney House, a pop up enterprise venue which provides exhibition, meeting and event space for SMEs looking to showcase their products and services. Launched during the 2012 Olympic and Paralympic Games it has since travelled to Texas, and is scheduled to appear at key events and cities across the world.
- The Royal Borough of Greenwich introduced the Greenwich Card which gives residents discounts at local businesses and attractions. The scheme is complemented by regular shop local voucher schemes that coincide with special events and holidays, as well as a Get Greenwich App to help residents and visitors discover local businesses and special offers.
- In a similar vein, Camden's Business Improvement District, Camden Town Unlimited also introduced a residents' discount card and developed an App to promote Camden Town to visitors, including three themed celebrity-guided tours, which have been downloaded by 45,000 people.
- Enfield Council adopted a different approach commissioning the North London Chamber of Commerce to develop a Connect Direct web portal for businesses and residents to source goods and services locally. The portal contains over 7,500 unique entries, 95% of which are SMEs and micro businesses. The portal is particularly useful for businesses that don't have websites, enabling them to manage their own profiles, whilst customers can rate their services.

Councils are also actively **helping small businesses to access business finance**:

- Croydon Council set up a community development finance initiative called the Croydon Enterprise Loan Fund (CELF) following consultation with SMEs struggling to raise finance through regular channels. The fund provides finance and support services (including capacity building, mentoring and debt management) for business start-up and growth. The self-sustaining fund issues new loans from debt repayments, and has supported almost 200 businesses, creating and safeguarding 248 jobs for the local economy.
- In a different approach, the London Borough of Richmond upon Thames runs a social enterprise development programme to encourage budding entrepreneurs to 'take the next step'. Social entrepreneurs are invited to present their ideas to a panel of experts, who provide them with intensive support to develop business plans. The strongest contender is awarded £10,000 of money and support (secured through commercial sponsorship) to develop their proposition further.

London boroughs have also been busy **simplifying their procurement processes** and helping small businesses to access contracts and enter supply chains:

- LB Tower Hamlets breaks down contracts into smaller sizes and requires bidders to build local firms into their supply chain
- LB Lambeth has streamlined its Pre-Qualification Questionnaires and adjusted the Immediate Purchase Threshold, increasing from £500 to £5000 the threshold at which the council only needs to get one quote.

Such efforts have helped to increase the average London local authority total procurement spend with SMEs from 27 per cent in 2012 to 35 per cent in 2013<sup>4</sup>. This is particularly valuable for SMEs as the average total annual spend of local authorities in London procuring goods and services is £298 million<sup>5</sup>.

The Small Business Friendly Borough Awards have shone a light on the important and valuable work that councils are doing to support local small and micro business communities. They have highlighted the issues that small businesses face and provided an opportunity to share good practice which councils can draw on to implement measures that will benefit their local economy.

**If you are interested to learn more about what London boroughs are doing to support small businesses, please contact Souraya Ali at London Councils: [souraya.ali@londoncouncils.gov.uk](mailto:souraya.ali@londoncouncils.gov.uk)**

<sup>4</sup> Centre for Local Economic Strategies, Federation of Small Businesses - Procurement and Small Business Project: London Geographic Area, 2013

<sup>5</sup> Ibid

## ASSEMBLY

4 December 2013

<b>Title: Constitutional Amendments to the Council's Contract Rules</b>	
<b>Report of the Chief Executive</b>	
<b>Open Report Yes</b>	<b>For Decision: Yes</b>
<b>Wards Affected:</b> All	<b>Key Decision: Yes</b>
<b>Report Author:</b> Eldred Taylor-Camara, Legal Group Manager	<b>Contact Details:</b> Tel: 020 8227 3344)
<b>Accountable Divisional Director:</b>	Fiona Taylor, Head of Legal and Democratic Services and Monitoring Officer
<b>Accountable Director:</b>	Graham Farrant, Chief Executive
<p><b>Summary:</b></p> <p>All Councils are required by law to have in place a set of rules which govern and control the procurement and contracting policies of the Council. The Council currently meets this requirement through a suite of procurement documents (Contract Rules, Contracts Code of Practice and Contract Guidance Notes) which are contained within the Constitution and sit alongside the Financial Rules.</p> <p>The Council's Constitution currently contains three separate documents governing how the Council contracts. This has led to a lack of clarity as to which document prevails and collectively the documents have been found to be complex and difficult to understand in some areas.</p> <p>There have also been a number of recent legal and procedural changes in Public Procurement law. It has thus become necessary to review and rewrite the Council's Contract Rules to take account of these changes and condense them into one constitutional document to make them clearer and easier to follow. The revision also ensures that the Council is up to date with, and implements best procurement practices.</p>	
<p><b>Recommendations:</b></p> <p>The Assembly is recommended to:</p> <ol style="list-style-type: none"> <li>1) Approve the adoption and implementation of the proposed new Contract Rules (attached in full as <b>Appendix A</b> to this report) in replacement for the current Contract Rules, Contracts Code of Practice and Contract Guidance Notes in the Council's Constitution.</li> <li>2) Note the establishment of the corporate Procurement Board and the gateway processes which aim to embed a stronger compliance and governance culture across the Council.</li> <li>3) Delegate authority to the Chief Executive, in consultation with the Head of Legal Services and Monitoring Officer, to make all necessary, procedural and/or incidental amendments to the new Contract Rules in order to ensure their provisions reflect changes in the law and best practice and that the Rules dovetail with the rest of the Constitution.</li> </ol>	

4) Delegate authority to the Chief Executive, in consultation with the Head of Legal Services and Monitoring Officer, to make all necessary and/or incidental amendments to the Constitution in order to bring the new Contract Rules into effect.

### **Reason(s)**

This report sets out proposed amendments to the Council's Contract Rules and seeks approval for the adoption, via the Procurement Board, of a corporate procurement review and gateway process to:

- Ensure compliance with European and National legislation governing public sector procurement.
- Ensure a regulatory framework that reflects current procurement practice and changes in local government policy.
- Maximise the opportunities to assist as many local businesses as possible to obtain Council contracts

## **1. Introduction and Background**

- 1.1 The Contract Rules ("Rules") form part of the Council's Constitution. They are intended to promote good purchasing practice and set out a framework for the procurement of goods, works and services in open and transparent processes, with a view to achieving best value, providing appropriate governance, ensuring public accountability and also deterring corruption.
- 1.2 The Council's Constitution currently contains three separate documents governing how the Council contracts (Contract Rules, Contract Code of Practice and Contracts Guidance Notes). The documents are a mix of specific instructions and guidance with each missing some parts of the other documents whilst at the same time containing, in some cases, too much detail in some areas and not enough in others. This has led to a lack of clarity as to which prevails and officers have found the documents to be complex and difficult to understand in some areas.
- 1.3 As part of a periodic review of the Contract Rules, members of the Legal Services and Procurement teams undertook a review of the Council's Contract Rules. The review consisted of a consideration of whether the existing suite of documents reflects current legislation and case law, Government and EC guidance and best practice, and included a comparison of contract rules and standing orders of other authorities and a consideration of model contract rules.
- 1.4 Having considered the existing suite of documents, the review team concluded that there were a number of potential benefits to be derived by amending the existing Rules including the following:
- i) Unification of the key elements of the three documents and simplification to enhance ease of use and compliance;
  - ii) Update to take account of recent legislative changes and best practice;
  - iii) Reflect changes in approach to procurement achieving benefits for local economic and social well being;
  - iv) Enhance governance to reduce risk of abuse;

1.5 Although led by Legal and Procurement, the review team also consisted of procurement and commissioning officers from across the Council. After having prepared a working draft of the Rules, they were then taken before the Council's Procurement Board for review. This ensured that consultation with senior service area stakeholders was conducted to gain their input from a service area perspective and the practicalities of their delivery. Comments and amendments from the Board have been incorporated to produce the final draft. The draft Rules have also been considered and agreed by the Corporate Management Team.

## **2. Main Issues – (Summary of proposed changes to the Contract Rules)**

2.1 The revised Contract Rules concentrate on the “do’s and donts” with a separate best practice guide to accompany the Rules describing the “why and how” to be produced by Corporate Procurement.

2.2 The new Rules reflect recent changes in legislation, case law and guidance from the European Commission and the UK Government. However, the changes are also intended to improve clarity and readability. Whilst they contain much of the current Rules’ content, the revised Rules have been rewritten afresh and are intended as a complete substitution for the existing rules.

2.3 The general structure and an explanation of the key sections (new and revised) are set out in the table in **Appendix B**. The revised Rules are in **Appendix A**.

2.4 A few key new introductions and changes to the Rules need special mention here:

### 2.5 Waivers

2.5.1 The Rules now have revised provisions relating to the waiver and exemption process detailing the circumstances under which waivers, especially under the Emergency waiver process, will be considered.

### 2.6 Procurement Board

2.6.1 Key to the effectiveness of the new Rules is the introduction of a requirement that large procurements be referred to the recently established corporate Procurement Board. Its object is to act as a gateway and review body (much like the Options Appraisal Group) to ensure that, especially in the current economic climate, procurement is conducted in the most efficient manner and to ensure consideration of procurement issues, identification of key risks associated with the procurement, and to facilitate improved monitoring of the progress and delivery of projects over time and in accordance with the law, Council policies and best practice.

2.6.2 The Board consists of senior officers representing all the corporate directorates, Legal Services and Corporate Procurement (Elevate). It is chaired by the Chief Finance Officer (S151 officer) and each directorate is represented by at least a Divisional Director and/or their senior commissioning/procurement managers.

2.6.3 It is not intended that the Board should have any powers that usurp or conflict with Cabinet or Chief Officers’ powers and so no powers of “Approval” are ascribed to it. Rather, all large procurements are referred to the Board for scrutiny, comment and

advice. The Board will then make recommendations for the future progress of a procurement before it proceeds for approval (or otherwise) by Cabinet or the relevant Chief Officer. Scrutiny by the Procurement Board will give the assurance that the proposed procurement has gone through a significant degree of scrutiny and that any resulting contract will be in the Council's best interests.

## 2.7 Procurement Strategy Reports

2.7.1 The main way in which the Procurement Board aims to exercise its scrutiny function is via the requirement for Procurement Strategy Reports to be prepared and submitted to it for consideration for all procurements, the one off or annual contract value of which is £100,000 or more. The requirements of the Report ensure that procuring officers address their minds to each procurement, considering what they procure, how to package their/the Council's requirements, the most effective and efficient methods of making the procurement e.g. reverse auctions, the criteria to be applied in selecting the contractor, and what consultations or impact assessments (if any) need to be conducted before a procurement commences.

2.7.2 Procurement Strategy Reports will also be required to be produced for procurements with a contract value of £50,000 or more, but only those above £100,000 will have to go to the Board.

## 2.8 Thresholds and approvals

2.8.1 Changes are proposed to contract thresholds and categories. The recommendations are for the creation of three more categories (currently there are only three) with a view to better distinguishing between contracts that are not just over £50,000 but also to distinguish between such contracts and those subject to EU thresholds and law.

2.8.2 As stated above, all contracts over £100k will need to be considered by the Procurement Board.

2.8.3 It is also proposed that the threshold for a contract to be approved by Cabinet should be raised to £500,000 which is more in keeping with thresholds applicable across most boroughs in and around London.

## 2.9 Social Value

2.9.1 The Public Contracts (Social Value) Act 2012 has recently been implemented which requires councils to consider how their procurements can help improve the social, economic and environmental well-being of their areas and how the council might act to secure that improvement.

2.9.2 The Act's provisions are aimed at getting all public bodies, including councils, to think differently when procuring and the expectation is that through the Act's measures, local, small and medium enterprises and third sector bodies will have better opportunities of bidding for and winning Council contracts.

2.9.3 The provisions of the Act have been incorporated into the Rules and officers are currently developing a new Social Value Policy for the Council which will act as a guide to officers when procuring. The new Procurement Strategy Reports will need

to contain sections on how the procurement will satisfy the Council's policy and the Act.

## 2.10 Recent Law

2.10.1 In addition to the above, several relatively recent pieces of legislation and case law have had an impact on how the Council can contract. The current Rules do not or do not adequately address these in one document and the revised Rules aim to update and consolidate these in one document. Further detail on the above appear in **Appendix B** and the relevant provisions are set out in **Appendix A**.

## 3. **Options Appraisal**

3.1 Amending the Council's previous Rules was considered. However these contained a mixture of rules and guidance which were lengthy and confusing for officers. Therefore a complete revision was required whilst taking into account recent legal requirements and best practice currently in operation in other boroughs. The Rules have now been distilled down to the basic Rules staff must follow and are organised in a more logical way.

## 4. **Consultation**

4.1 The draft Rules were initially developed by a cross-section of Legal, Procurement and commissioning officers. The draft Rules have since been the subject of extensive consultation and scrutiny by the Procurement Board (representing senior management and potential users of the Rules).

4.2 The draft Rules have also been considered and agreed by the Corporate Management Team.

## 5. **Financial Implications**

Implications completed by: Kathy Freeman, Group Manager – Corporate Finance

5.1 There are no direct financial implications arising from this report. The revised Contract Rules will propose that all procurement over £500,000 require Cabinet approval. All procurement between £100,000 and £499,999 will be scrutinised and approved by the Procurement Board, ensuring that officers secure the most efficient and effective methods of procurement, whilst delivering Value for Money.

## 6. **Legal Implications**

Implications completed by: Eldred Taylor-Camara, Legal Group Manager

6.1 The Council may only contract with external parties within the legal framework for local authority procurement. The purchase of goods, services and works by the Council as a public sector body is regulated by the Council's Contract Rules (as required by S135 of the Local Government Act 1972), the general duty to obtain Best Value (Local Government Act 1999), the Public Contracts Regulations 2006 (as amended) and also the European Treaty principles of transparency, proportionality, non-discrimination of providers in member states and equality of treatment.

- 6.2 Any changes to the Constitution other than minor administrative ones or to reflect changes in the law, need to be agreed by Assembly. Authority is therefore being sought for the Chief Executive, in consultation with the Head of Legal Services and Monitoring Officer, to make all necessary, procedural and/or incidental amendments to the new Contract Rules in order to ensure their provisions reflect changes in the law and best practice and that the Rules dovetail with the rest of the Constitution. This is to ensure that any necessary, procedural, incidental or minor changes that need to be made to ensure compliance with the law or if implementation or interpretation of any of the new Rules becomes impractical or unworkable, the Chief Executive can make necessary amendments to facilitate the smooth running and application of the Rules without having to go back to Assembly. Any changes made by the Chief Executive under this authority will be reported back to Assembly.
- 6.3 Following approval by Assembly, the Council's Constitution (which reflects and summarises the current Rules) will need to be updated by the Chief Executive/Monitoring Officer to reflect the new Contract Rules.
- 6.4 The Contract Rules' review has been conducted by the Council's Legal Services team in conjunction with Corporate Procurement and in consultation with the Procurement Board.

## **7. Other Implications**

### **7.1 Risk Management**

Improved and updated Contract Rules reflect current law and best practice. The involvement of the Procurement Board in the procurement process for higher value contracts will help better manage and reduce risks in procurements.

### **7.2 Contractual Issues**

The Contract Rules prescribe in detail how the Council should procure and contract with its contractors, consultants and suppliers.

### **7.3 Staffing Issues**

Awareness and understanding of the new Rules and the accountabilities across the Council is important. The launch of the new Contract Rules will be supported by:

- Publication on the intranet
- Publication in hard copy format
- Training events for officers.
- Introduction and awareness briefings for Members.
- Presentation to Departmental Management Teams
- Departmental workshops as required
- Continued dialogue with organisations representing local businesses.

### **7.4 Customer Impact**

The Rules do not conflict with any Equality and Diversity laws. The proposed new Rules reflect requirements under the EU Regulations which address equality, openness and fairness.



The introduction of the Social Value requirements ensure compliance with the Public Contracts (Social Value) Act 2012.

**7.5 Safeguarding Children**

None

**7.6 Health Issues**

None

**7.7 Crime and Disorder Issues**

None

**7.8 Property / Asset Issues**

Specific provisions appear in the Council's Constitution prescribing rules for the disposal and acquisition of property.

**Background Papers Used in the Preparation of the Report:**

Contract Rules Contracts  
Code of Practice, and  
Contract Guidance Notes

**List of appendices:**

Draft Revised Contract Rules – Appendix A

Table of Revisions to Revised Contract Rules – Appendix B

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THE LONDON BOROUGH OF BARKING AND DAGENHAM

CONTRACT RULES

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FINAL-DRAFT

## **PART A**

### **GENERAL APPLICATION OF THE RULES**

#### **1. Introduction**

- 1.1 These Contract Rules (“Rules”), issued in accordance with section 135 of the 1972 Local Government Act), are the Council’s procedure rules for procuring, (buying, renting, leasing etc) goods, services and works for the Council. They are intended to promote good purchasing practice and public accountability and to deter acts of corruption.
- 1.2 The Rules are part of the Council’s Constitution and therefore Officers have a duty to ensure they have fully understood them prior to commencing any procurement or contracting activity.

#### **2. Variation and amendment of these Rules**

- 2.1 The Chief Executive may, on the advice of the Head of Legal & Democratic Services, make such necessary or incidental amendments to these Rules to effect or implement any changes in law (whether due to legislation, case law or EU Directive), or to correct any inconsistency in, or clarify any interpretation of, these Rules.
- 2.2 If there is any change to the law which affects these Rules then that change must be observed until these Rules can be revised. If these Rules conflict in any way with the law then the law takes precedence.
- 2.3 In accordance with the Council’s Constitution, the Chief Executive has final say on interpretation of these Rules (after taking advice from Corporate Procurement and Legal Services).

#### **3 Scope of the Contract Rules**

- 3.1 These Rules apply to all contracts and procurements for goods, works or services entered into by or on behalf of the Council, irrespective of whether the contract is financed from Council funds or from external funds, grant or other funds intended to be spent on procurement by the Council.
- 3.2 These Rules apply to all Officers of the Council and any companies or organisations within the Council’s control.

## 4 Exempt agreements

### 4.1 These Rules do **NOT** apply to:

#### 4.1.1 *The acquisition or disposal of land or any interest in land*

The Rules do not apply where the Council is acquiring or disposing of any interest in land, whether by freehold, lease, licence etc.

Legal Services and Property Services must be consulted on Development Agreements, as these may be considered a 'works' contract.

#### 4.1.2 *Contracts of employment*

Human Resources should be consulted in respect of such contracts.

## 5 Partially exempt procurements.

5.1 The procurements and contracts listed below are exempt from the **full** tendering requirements of Part C of these Rules in that Officers do not need to undertake a full procurement tender exercise. Officers must ensure however that the requirements of Part B to these Rules are adhered to, that the appropriate procurement strategy approval process has been followed e.g. by the Procurement Board, and that any necessary waiver has been granted.

#### 5.1.1 *Framework Agreements/Contracts*

Procurements from Frameworks are exempt from the full application of the Rules provided the framework has been properly procured under the Regulations and the procurement is made in accordance with the Framework's terms and conditions.

#### 5.1.2 *Consortia Arrangements*

Where a procurement is made by another public authority or body (as lead contracting authority) acting with, by, or for the Council and any other authority, these Rules will not apply provided the Regulations and standing orders of the lead contracting authority or body have been followed and the provisions of Part B followed.

#### 5.1.3 *Emergency procurements*



Goods, works or services may be procured in a genuine Emergency without complying fully with the Rules provided an appropriate waiver has been obtained in accordance with Rule 6.

*5.1.4 Personalised Contracts*

Chief Officers may exempt Personalised Contracts from the full tendering requirements of these Rules. Officers must ensure however that the requirements of Part B to these Rules are adhered to where possible. Procurement Strategy reports must be prepared before any procurement for such contract with a Contract Value of £50,000 or more is commenced, but where the Contract Value is £100,000 or over, or less than £500,000, such report shall be submitted for consideration and approval by the relevant Chief Officer rather than the Procurement Board.

*5.1.5 The instructing of counsel or lawyers by the Head of Legal & Democratic Services where the Contract Value is less than £50,000*

## **6 Waivers**

- 6.1 Subject to Rules 6.2 and 6.3 below, where for any of the reasons set out in Rule 5.6.1 to 6.6.5 a Chief Officer is satisfied that compliance with any of the provisions of Part C of these Rules will prejudice the Council's interests, that Chief Officer may grant or apply to Cabinet/HWB for a waiver of compliance with any of the Rules in Part C of these Rules.
- 6.2 No waiver shall be granted by a Chief Officer or by Cabinet/HWB which purports to or has the effect of waiving the requirements of UK and EU Law or the EU Treaty principles of transparency, equality and non discrimination.
- 6.3 Where the Contract Value of a contract is or exceeds £500,000, approval to waive any of the Rules **must** be obtained from the Cabinet/HWB except in an Emergency, in which case the Chief Executive can issue the waiver pursuant to Rule 6.4 below.
- 6.4 Subject to clause 6.6 below, in an Emergency, the Chief Executive can, on the advice of the Head of Legal Services and the Chief Finance Officer, issue a waiver from compliance with these Rules for a contract with a Contract Value which exceeds £500,000, provided the requirements of the Urgent Action procedure set out in paragraph 17 of Article 1 of the Constitution are complied with and subject to the Regulations. Any such waiver must be reported to the next available meeting of the Cabinet/HWB.
- 6.5 A Chief Officer may, subject to Rules 5.2 and 5.6, issue a waiver of any of these Rules where the Contract Value of procurement is below £500,000,

6.6 Before a waiver is granted, a report must first be submitted to Cabinet/HWB or to the Chief Officer (as appropriate) clearly stating which of the grounds set out below is relied upon for a waiver:

6.6.1 That an Emergency situation exists, or

6.6.2 That there is clear evidence the goods, services or works to be procured are of a specialist technical, artistic or proprietary nature, or

6.6.3 That there is only one supplier in the market capable of providing the service, goods or works (e.g. a specific artist with intellectual property rights in a work of art) such that there is no benefit to be gained from competition or

6.6.4 For reasons of systems or software licence support or compatibility, or

6.6.5 The circumstances of the proposed contract are covered by legislative exemptions (whether under EU or English law); or

**In the case of non-EU procured contracts only, any of the above or where:**

6.6.6 The contract is a Personalised Contract

6.6.7 The nature of the market for the works to be carried out or the goods or services to be provided has been investigated and is such that a departure from the requirements of Contract Rules is justifiable; or

6.6.8 There are other circumstances which are genuinely exceptional

**And** in any and every such case as mentioned in Rule 6.6.1 to 6.6.8, the appropriate decision-maker considers, subject to the requirements of the Regulations and these Rules, that no satisfactory alternative is available and it is in the Council's overall interests.

2.1 Advice should be obtained from Corporate Procurement or Legal Services where Officers are unsure whether any of the above-mentioned grounds apply to any particular request for a waiver.

2.2 Waivers must not be used to avoid the administrative inconvenience of a tender process. The provisions to waive the requirement to tender and in particular the "Emergency" waiver provisions (as set out in Rule 6.4 above), must only be used in exceptional circumstances. Urgency produced by poor procurement planning would not qualify for this waiver.

- 2.3 An Emergency for the purpose of this Rule must be agreed as an emergency by the Chief Officer, the Head of Legal Services and the Chief Finance Officer.
- 2.4 Any waiver from a Chief Officer must be evidenced in a Delegated Authority Decision Statement. Every such Delegated Authority Decision Statement must be supported by a written Procurement Strategy Report. Where the waiver relates to a class D, E or F contract, the Procurement Strategy Report must contain sections outlining the Financial and Legal Implications written by the Chief Finance Officer and the Head of Legal Services respectively, or their nominated delegates.
- 2.5 The Chief Officer must keep a written record of all waiver approvals for his/her department and work with Corporate Procurement to avoid seeking exemptions in future. Copies of this record must be produced to the Procurement Board and when required, by the Monitoring Officer or Audit.

## **7 Cabinet and HWB's Role and Responsibilities**

- 7.1 Cabinet is ultimately responsible for all the Council's strategic procurement. Whilst Chief Officers have delegated authority to procure and award contracts with a Contract Value of less than £500,000, Cabinet shall be entitled to require any such procurement or contract to be approved by Cabinet if it deems fit.
- 7.2 Whilst Cabinet and Cabinet Members may propose, agree or participate in setting the procurement strategy for any procurement or contract, Members, and in particular Cabinet Members, should avoid direct participation in the procurement and evaluation process for any contract.
- 7.3 The HWB has the same power as Cabinet to authorise the procurement and award of contracts where such procurement /contract is funded in part or in whole from the Public Health Grant or from within social care budgets.
- 7.4 Any approval, authorisation, waiver, reference or consultation required in these Rules to be made by/to Cabinet, may, where the procurement/contract is funded in part or in whole from the Public Health Grant or from within social care budgets, be made either by/to Cabinet or by/to the HWB. The relevant Chief Officer shall determine which is the more appropriate body to make the decision.
- 7.5 Cabinet/HWB must agree the Procurement Strategy for all procurements of:
- 7.5.1 all proposed revenue contracts with a Contract Value of £500,000 or more and
  - 7.5.2 procurements where the final award may involve outsourcing any part of an existing in-house service or bringing a service back in-house

## **8 Chief Officer Responsibilities**

- 8.1 Each Chief Officer for the department procuring the goods, works or services shall be responsible for the compliance by Officers within their department with these Rules.
- 8.2 Authority to make decisions under these Rules may be further delegated by Chief Officers to other Officers within their department. Those officers who have delegated authority to take decisions in the name of the Chief Officer must be identified in the Officer Scheme of Delegation for the relevant department.
- 8.3 Chief Officers will be held accountable for all decisions made within their department under delegated authority and these Rules.
- 8.4 The Chief Finance Officer (in addition to being in his own right a Chief Officer) shall be the Council's lead Officer responsible for procurement overview and obtaining value for money.

## **9 Officers' Responsibilities**

- 9.1 Procurements and contracts can only be made or entered into by duly authorised Officers and in accordance with the Corporate and departmental Schemes of Delegation.
- 9.2 Officers must also ensure that any persons and/or organisations acting on behalf of the Council and spending Council funds e.g. contractors, agents, consultants and partners) fully comply with these Rules.
- 9.3 Officers responsible for purchasing on behalf of the Council **must** comply with these Rules, any accompanying Guidance, the Council's Procurement Strategy, Social Value Policy, applicable Financial Rules, and all UK and European Union law and binding legal requirements. In particular, where appropriate, Officers must comply with the provisions of the Public Contract Regulations 2006 (as amended).
- 9.4 It is Officers' ultimate responsibility before embarking on any procurement activity and particularly if they are in any doubt about whether the Rules apply, to seek appropriate advice, support and guidance from the Council's Corporate Procurement team and/or Legal Services.

## **10 Conflict of Interests**

- 10.1 If any Officer or elected Member involved in any procurement or award of contract has any connection – whether past or present, direct or indirect – with any bidder, then:
- 10.1.1 that connection should be declared and registered (see the Council's Constitution, in particular the Codes of Conduct for both Officers and Members); and
  - 10.1.2 Such officer or Member must not participate in any aspect of the tender process.
- 10.2 Officers must not accept technical advice on the preparation of an Invitation to tender or Quotation from anyone who may have a commercial interest in the contract if this may prejudice the equal treatment of all potential bidders or distort competition.
- 10.3 consultant appointed to advise on the procurement or design of a project, or to advise on the selection, award or weighting criteria must not be permitted to bid for that or any subsequent stage or other aspect of the work or project.

## **11 Consequences of not complying with these Rules**

11.1 If the Council enters into a contract without complying with these Rules, the procurement process and subsequent contract could be challenged by an aggrieved party. If challenged the courts have the power to award damages against the Council or may issue an injunction which could prevent the Council from entering into the contract with a successful bidder.

11.2 In the case of a contract that should be procured under the EU procurement regime (Public Contracts Regulations) the courts also have the power to fine the Council and more importantly, can declare the award of the contract 'ineffective' which means that the Council may be prevented from entering into the contract or the contract may be cut short.

11.3 It is therefore imperative that there is strict compliance with these Rules when making procurement on the Council's behalf.

**11.4 Officers failing to comply with or found to have breached these Rules may be subject to disciplinary action.**

## **PART B**

### **BEFORE COMMENCING A PROCUREMENT EXERCISE**

#### **12 Pre-Procurement\_Review**

- 12.1 Before commencing procurement, officers responsible for the procurement must first conduct a review of the proposed procurement to determine whether it will provide the Council with best value.
- 12.2 Officers' approach to the appraisal tasks must be proportionate to the complexity and value of the procurement and will require Officers to:
- 12.2.1 appraise the need for the expenditure and its priority;
  - 12.2.2 define the objectives of the procurement;
  - 12.2.3 Assess the risks associated with the procurement and how to manage them.
- 12.3 Officers must also:
- 12.3.1 Consider the size, scope, and specification of the goods, services or works required.
  - 12.3.2 Determine the duration of the contract that will provide the most economically advantageous outcome for the Council.
- 12.4 Officers must be satisfied that there is sufficient budgetary provision (whether from Council or external funds) for the anticipated procurement and any sources of funding are agreed before conducting the procurement.

#### **13 Procurement route**

- 13.1 Officers must consider what procurement method and procedure is most likely to best achieve the Council's objectives, including, but not limited to:
- 13.1.1 a full tender exercise,
  - 13.1.2 Procuring via an existing Framework agreement.
  - 13.1.3 Utilising a buying consortium (e.g. ESPO, CBC, Government Procurement Services) to procure on behalf of the Council.
  - 13.1.4 Procuring via an existing Corporate Contract within the Council.
  - 13.1.5 Procuring via the Council's Strategic Partnership Contract with Elevate.

#### **14 Corporate Contracts**

- 14.1 Officers must ensure they do not procure any works, goods or services or seek an exemption in relation to procuring any contract without first checking with Corporate Procurement whether the provision can be provided via an existing corporate contract i.e. one procured by Corporate Procurement for the Council

generally and not for a specific department. Officers must use corporate contracts where these exist, unless otherwise specifically agreed with Corporate Procurement.

## **15 Delivery options**

- 15.1 Officers must also consider the options for the delivery of the required goods, services or works. The options include but are not limited to:
- 15.1.4 Providing the goods, services or works in-house;
  - 15.1.5 Getting a third party public or private body to provide the goods, services or works on behalf of the Council;
  - 15.1.6 Providing the goods, services or works in partnership with a third party;
  - 15.1.7 Commissioning jointly with another Council/public body;
  - 15.1.8 Procuring from or via Elevate.
- 15.2 Officers should note that the Council has a strategic partnership agreement with Elevate and all goods, services or works that fall within the scope of the agreement must be procured from or via Elevate. Advice shall be taken from the Chief Finance Officer as to whether any particular procurement falls within the scope of the Elevate agreement.

## **16 Joint procurements**

- 16.1 Officers should actively seek out opportunities to collaborate and procure jointly with other public bodies where this is likely to be of benefit to the Council.
- 16.2 Where a joint procurement occurs, the procurement rules of the authority leading the procurement will apply unless the lead authority specifically agrees otherwise.

## **17 Sustainable Procurement**

- 17.1 Sustainable procurement offers the Council the opportunity to encourage and work collaboratively with suppliers and contractors. Officers must consider the environmental and social impacts of the procurement and endeavour to adopt practices that maximise the beneficial impacts and minimise adverse or detrimental impacts on the environment.
- 17.2 Officers are required to consider ways of procuring more resource and energy efficient alternatives and pay particular regard to the Council's environmental policies.



## **18 The Council's Social Value Policy**

- 18.1 Officers should procure in compliance with the Public Services (Social Value) Act 2012 and the Council's Social Value Policy
- 18.2 Before starting a procurement process, Officers should consider:
- 18.2.4 how what is proposed to be procured might improve the economic, social and environmental well-being of the Council's area, and:
  - 18.2.5 How, in conducting the process of procurement, it might act with a view to securing that improvement.
  - 18.2.6 Whether to conduct any consultation on the above matters to help shape specifications, programmes and services, and if so, with whom.
- 18.3 In particular officers should wherever possible, but without breaching any law, use the Council's purchasing power to support local small and medium enterprises (S.M.Es) or voluntary and community organisations and seek benefits and added value for the local geographical area and where this provides equal or better value for money for the Council than alternatives.
- 18.4 Officers must carefully review the required specifications and evaluation methodology of any procurement to ensure that small and medium sized enterprises are not being disadvantaged in their ability to tender for goods, works or services with the Council. Officers must not however, conduct a procurement in any way that is likely to show bias towards or discriminate in favour of any such organisation.
- 18.5 Officers must ensure that processes do not over burden or restrict S.M.Es or voluntary and community organisations from having the same opportunity to respond to procurements as those in the commercial sector. Equally, consideration should be given to the supply chain and how each specific procurement can help the local community and local small medium enterprises within the borough.
- 18.6 Officers may incorporate questions in their Invitations to Tender and evaluate responses relating to local economical benefits, social value benefits, and regeneration within the community or any other benefits (such as apprenticeships and employment) that support the local economy and prosperity for the borough where this is appropriate to the procurement. Advice on the preparation of the PQQ and ITT can be obtained from Corporate Procurement.

- 18.7 Officers must include a statement as to how the procurement meets and addresses the Council's Social Value policies in every Procurement Strategy Report covering the procurement.
- 18.8 Relevant bodies can, in exercise of the Community Right to Challenge (under the Localism Act 2011), propose a solution to provide a service that the Council currently provides. Advice on the process to follow should be obtained from the Council's Policy Team (should a challenge be received).

## **19 Market Research and Consultation with Third Parties**

- 19.1 Officers responsible for procurement may consult potential providers prior to the commencement of a procurement exercise in general terms about the nature, level and standard of the supply, contract packaging and other relevant matters, provided this consultation does not prejudice or favour any potential bidder. Officers should consult Corporate Procurement for advice.
- 19.2 Officers must avoid any conflict of interest as provided for in Rule 10 of these Rules.

## **20 TUPE – Transfer of Undertakings (Protection of Employment) and pensions**

- 20.1 Where, as a result of any procurement, any employee either of the Council or of a current service provider is likely to be affected by changes to staffing or work conditions, redundancy, relocation or transfer of employment, Officers must have regard to the possible impact on such procurement and employee(s) of the Transfer of Undertaking of Protected Employment (TUPE) Regulations 2006, as amended. Such TUPE issues should be included in the procurement strategy report and any evaluation and award reports.
- 20.2 Officers must ensure that appropriate consultation with staff and trade unions is undertaken and that pension entitlements are considered and as far as possible, protected.
- 20.3 Advice regarding TUPE must be sought from the Corporate Procurement, and Human Resources teams and where necessary, from Legal Services.

## **21 Insurance**

- 21.1 Before commencing procurement, Officers should take advice from the Council's Insurance team on levels and type of insurance that may be

required for the procurement.

21.2 Every contract for the carrying out of work or the provision of services shall require the contractor to take out and maintain during the duration of the contract such levels of Employers Liability, Third Party Liability, Professional Indemnity and such other insurance as the Council's Insurance team shall advise as being necessary and appropriate to the particular contract.

21.3 Such insurance policies shall contain endorsements sufficient to indemnify the Council against any loss, damage or injury to persons or property arising from the contractor's operations in connection with the contract.

## **22 Pre-procurement Notices**

22.1 Officers must ensure that any Prior Information Notices (PINs) or Voluntary Ex-Ante Transparency (VEAT) notices, required for the EU Procedure are placed in the Official Journal of the European Union (OJEU) by a member of Corporate Procurement.

## **23 Procurement strategy and Procurement Board scrutiny**

23.1 Before any procurement process for contracts with a Contract Value of £50,000 or above begins, a formal procurement strategy MUST be planned and a written Procurement Strategy Report (as described in Rule 24 below) prepared.

23.2 The Procurement Strategy Report must be submitted:

23.2.1 In the case of contracts requiring Cabinet/HWB approval and other High Value Contracts, to the Procurement Board for consideration and comment prior to Cabinet/HWB or Chief Officer approval, or

23.2.2 in the case of contracts with a Contract Value of £50,00 or more but less than £100,000, or Personalised Contracts, to the relevant Chief Officer,.

23.3 Before commencing a procurement, Officers must ensure that an accurate procurement timetable is calculated taking into account all of the requirements of the procurement process.

23.4 Where the Regulations apply, the applicable statutory timescales must be complied with.

## **24 Procurement Strategy Report (for Contracts Valued above £50,000)**

- 24.1 A Procurement Strategy Report must be completed for every contract procurement other than Class A or B contracts (contracts with a Contract Value less than £50,000).
- 24.2 The Procurement Strategy Report must specify the strategy proposed for the procurement, and must address the following issues:
- 24.2.1 an outline specification of the works, goods or services being procured;
  - 24.2.2 the estimated Contract Value, including the value of any uplift or extension period;
  - 24.2.3 the duration of the contract, including any options for extension;
  - 24.2.4 the outcomes, savings and efficiencies expected as a consequence of awarding the proposed contract;
  - 24.2.5 in the case of service contracts whether the service is subject to the Regulations and if so, whether they are Part A or Part B Services.
  - 24.2.6 a recommended procurement procedure and the reasons for the recommendation, evidencing what alternative solutions (including existing contracts and Frameworks) were considered but were not pursued;
  - 24.2.7 details of the criteria against which the contract is to be awarded, (advice on this should be obtained from Corporate Procurement)
  - 24.2.8 an explanation as to whether and how the procurement will address and implement the Council's Social Value policies,
  - 24.2.9 the contract delivery methodology to be adopted,
  - 24.2.10 confirmation whether the procurement constitutes a Key Decision and if so, ensuring that all requirements in respect of the same have been complied with, including confirmation that the procurement has been placed on the Forward Plan prior to formal approval;
  - 24.2.11 an indication whether employees are to be TUPE transferred as part of the procurement and if so, the staffing, trade union and financial implications of such transfer.
  - 24.2.12 details of any consultations had or to be had with relevant stakeholders including unions and service users

24.2.13 details (including any results) of any impact assessments conducted or to be conducted.

24.3 For procurements requiring Cabinet/HWB approval (those with a Contract Value of £500,000 and above), the Procurement Strategy Report should also:

24.3.1 confirm that the proposal has been agreed in principle by the Procurement Board and that the proposed solution fits in with corporate strategies;

24.3.2 request Cabinet/HWB to indicate whether it wishes to be further informed or consulted on the progress of the procurement and /or the award of the contract.

24.4 Where the Procurement Strategy Report relates to:

24.4.1 A procurement, the contract value of which is £50,000 or more (but not a contract above EU thresholds or a High Value Contract) or to a personalised contract it shall be submitted to a corporate director for consideration before she/he approves the procurement and contracts award

24.4.2 A procurement for a contract above EU thresholds or a High Value Contract, it shall be submitted to the Procurement Board for consideration and comment before being submitted to Cabinet/HWB or the relevant Chief Officer (as appropriate) for approval.

24.5 Where, following the submission of a Procurement Strategy Report to the Procurement Board or relevant Chief Officer, additional criteria or requirements are set by the Procurement Board or relevant Chief Officer, Officers must comply with those requirements.

## **25 The Corporate Procurement Plan**

25.1 Corporate Procurement shall prepare and maintain an annual forward-looking Procurement Plan. The Plan shall consist of details of all of the new contracts which have been registered with Corporate Procurement and for which procurements (including extensions, additions and renewals) are planned for the forthcoming financial year. The Plan shall include all contracts with a Contract Value of £500,000 or above scheduled to start in the forthcoming financial year.

25.2 The Procurement Plan serves two principal purposes:

- 25.2.1 To provide Cabinet and other readers with an overview of significant procurement activity.
- 25.2.2 To inform potential suppliers of major future market activity.
- 25.3 Corporate Procurement shall each year prepare and submit an annual report to Cabinet detailing the contracts on the Procurement Plan and a brief summary of the proposed procurement strategy for each contract to include the items set out in Rules 24.2.1 to 24.2.7 above.
- 25.4 Cabinet may, upon consideration of the Procurement Plan report, confirm its agreement to the proposed Plan in its entirety or in part and may identify any individual procurements/contracts about which it requires separate more detailed Procurement Strategy Reports to be submitted to it for closer consideration.
- 25.5 No contract shall be included in the Procurement Plan report for approval by Cabinet unless a Procurement Strategy Report has first been prepared and reviewed by the Procurement Board.
- 25.6 Any contract with a Contract Value above £500,000 which has not been approved by Cabinet in accordance with this Rule 25 must be approved as set out in the table in Rule 28.
- 25.7 The Procurement Plan shall be regularly reviewed and updated with any new planned procurement activities added to existing approved entries.
- 25.8 Corporate Procurement shall prepare and submit to Cabinet on a quarterly basis (or such other frequency as Cabinet shall deem appropriate) update reports on the Procurement Plan.
- 25.9 A similar plan and report as described in this Rule 25 shall be prepared and maintained in respect of contracts funded in part or in whole from the Public Health Grant or from within social care budgets, and reports thereon submitted (following the same procedure as set out above) for approval by the HWB at such frequency as the HWB shall deem appropriate.

**26 Key Decision**

- 26.1 Officers must consider whether procurement involves a Key Decision. If it does then Officers must enter the matter on the Forward Plan.
- 26.2 Chief Officers may approve the procurement and award of contracts with a Contract Value of less than £500,000, Chief Officers must however consider whether in the circumstances of the particular contract, such decision should be made by them or whether it is more appropriate that the decision be made by Cabinet or HWB.

**PART C****THE PROCUREMENT PROCESS****27 Contract Value**

- 27.1 Procuring Officers must ensure that they obtain value for money with every procurement. Value for money is defined with reference to price, quality, availability, functionality and the optimum combination of whole life costs. Opportunities to save money by providing the optimum service for less than budgeted price should also be pursued.
- 27.2 Wherever practicable, procurements for a given type of goods, service or works from across the Council should be amalgamated for the purpose of determining the Contract Value, procurement procedures and thresholds. This also applies to Framework Agreements.
- 27.3 Officers shall ensure that all contracts are procured in accordance with the procedures prescribed by law and these Rules as being appropriate to the type of procurement.
- 27.4 Officers shall comply with the procurement procedure prescribed in the Approval Table in Rule 28 for the relevant Contract Value of the contracts.
- 27.5 Where a contract includes the service provider offering goods, services or works as part of their bid, the monetary value of the goods, service and works must be considered and calculated in addition to any remaining monetary value of the contract. Officers should seek the advice of Corporate Procurement in these cases.
- 27.6 Officers shall not sub-divide works, services or goods that could reasonably be treated as a single contract so as to avoid compliance with these Rules, thresholds or any legal requirements.
- 27.7 If the contract value of the procurement is on the border of two of the financial thresholds in the Approval Table, the Contract Value should be treated as falling into the higher band. Procurement must not be divided into smaller parts with the sole purpose of bringing it into a lower banding or avoiding full compliance with the requirements for contracts in the higher band.
- 27.8 If procurement involves a mixture of goods, works and/or services advice should be sought from Corporate Procurement as to how such procurement should be categorised.
- 27.9 An assessment of the Contract Value of a procurement required shall still be necessary notwithstanding the Council will be receiving and using external funding to cover the cost of the project, services or works.. The use of external funding does not preclude the application of the Rules or the Regulations.

27.10 The calculation of the Contract Value shall be exclusive of VAT.

## 28 Approval Table

28.1 The following table indicates the class bands in relation to the procurement process which must be followed and the requisite authority for the different valued contracts to be obtained.

Contract Value			Class	Procurement Process	Approval
£1	to	Under £5000	A	Value for Money	As per Scheme of Delegation
£5,000 and over	to	Under £50,000	B	3 documented quotes	As per Scheme of Delegation
£50,000 and over	to	Under £100,000	C	Formal invitation to tender	As per Scheme of Delegation
£100,000 and over	to	Under EU procurement thresholds	D	Formal invitation to tender	1) As per Scheme of Delegation 2) Corporate Procurement Board (only for High Value Contracts)
EU procurement thresholds	to	Under £500,000	E	Formal invitation to tender  Compliance with the Regulations (for above threshold procurements)  Compliance with EU Treaty principles (for below threshold and Part B services procurements)	1) Corporate Procurement Board, and 2) Chief Officer or as per Scheme of Delegation
£500,000 or over			F	Formal invitation to tender	1) Corporate Procurement Board, and 2) Cabinet/HWB



28.2 All the required approval forms must be completed fully and accurately.

***Contracts Valued below £5,000***

28.3 Where the Contract Value is estimated to be less than £5,000 (Class A contracts), Officers, should act in the most expedient manner to secure value for money for the Council. Value for money must be demonstrated in writing.

***Contracts Valued below £50,000***

28.4 Where the contract value of the procurement is estimated to be more than £5,000 but less than £50,000 (Class B contracts), competitive quotes must be obtained from at least three contractors without the need to advertise the contract or follow a competitive tendering exercise. The process for submission of Quotes shall mirror the provisions in relation to Submissions and Opening of tenders set out in Rule 41 and the selection process shall be managed in accordance with the Department's financial Scheme of Delegation. Where appropriate, Officers shall make use of any existing Framework Agreement.

***Procurement Process for Contracts Valued above £50,000***

28.5 Contracts with an estimated Contract Value of £50,000 or more (Class C, D or E contracts) must (except where a formal waiver in accordance with Rule 6 of these Rules has been obtained) be let following publication of an appropriate advertisement and a subsequent competitive tendering process as set out in these Rules.

28.6 Procurement Strategy Reports shall be prepared by Officers and approved by the Chief Officer for all procurements with a Contact Value of £50,000 or over.

***Procurement process for contracts above EU threshold and High Value Contracts but below £500,000***

28.7 Procurement Strategy Reports for all procurements for contracts above EU thresholds and High Value Contracts must be prepared and submitted to the Procurement Board for consideration before being approved by the Chief Officer.

***Procurement process for Contracts Valued £500,000 or above***

28.8 Except in an Emergency, all procurements for contracts with a Contract Value of £500,000 or more must be approved by Cabinet/HWB.

28.9 The procurement strategy for any such procurement must first be submitted to the Procurement Board for consideration before being submitted to Cabinet for approval.

## **29 Advertisements & Notices**

29.1 Except where a waiver has been granted in accordance with these Rules, all contracts must be advertised to a degree and in a manner that demonstrates adherence to the EU procurement principles of transparency, openness and non-discrimination. The degree and manner of advertising must be sufficient to allow the relevant market to be opened up to competition. The decision as to the degree of advertising necessary has to be based on an evaluation of the individual circumstances of each case such as the subject-matter of the contract, its estimated value, the size and structure of the market, the geographic location of the place of performance and the likely cross-border interest in the contract. This Rule applies irrespective of whether a proposed will determine necessary contract is of low value (under a relevant threshold) or a Part B service and therefore not subject to the full requirements of the Regulations.

29.2 Officers shall ensure that the provisions of Rule 18 (Council's Social Value Policy) are applied when deciding where and how to advertise the contract.

29.3 Except where a valid waiver from tendering requirements has been obtained in accordance with these Rules, no Class C,D, E or F contract shall be procured without competitive tenders having been obtained by one of the following methods:

29.3.1 In the case of contracts below Regulation thresholds or for Part B Services, by selection of bidders from an EU-procured framework or following appropriate advertisement.

29.3.2 In the case of Part A contracts to which the full Regulations regime apply, following a formal Contract Notice having been published in the Official Journal of the European Union ('OJEU'). Copies of all such notices must be published on the Council's web site.

29.4 All procurements, the aggregate Contract Value of which exceeds £50k must as a minimum, be advertised on the Council's website and on Contracts Finder

29.5 Where a procurement may attract cross-border interest within the EU, an advertisement must also be placed on a suitably accessible website. Advice on whether any particular website is suitably accessible should be sought from Corporate Procurement.

## **30 EU Procurement Procedures**

30.1 Where a competitive tendering process is to be undertaken, the procurement procedure to be followed shall be determined prior to advertising and where the

procurement comes within the scope of the Regulations the procurement procedure shall be one of the following procedures prescribed by the Regulations:

- 30.2 **Open procedure** - where all contractors expressing an interest in the contract are invited to submit tender bids in response to an advertisement;
- 30.3 **Restricted procedure** - where all interested contractors are invited to submit expressions of interest in response to an advertisement, and shortlisted contractors are then invited to submit a tender bid;
- 30.4 **Negotiated procedure** - where all interested contractors are invited to submit expressions of interest in response to an advertisement, and shortlisted contractors are then invited to negotiate; or
- 30.5 **Competitive dialogue** - where all interested contractors are invited to submit expressions of interest in response to an advertisement, and the Council enters into dialogue with shortlisted contractors to identify a solution (or solutions) which meets the Council's requirements, and selected bidders are invited to submit tenders based on the solution/s resulting from the dialogue.
- 30.6 **Below EU threshold and Part B Services** – Officers can determine what procedure to use and shall not be subject to the EU procedures above but will be subject to EU Treaty principles of transparency, non-discrimination and openness. Officers should consult with Corporate Procurement for advice.

### **31 Purchasing from Framework Agreements**

- 31.1 Officers may access and call-off goods, services or works from a Framework Agreement if the Council is either specifically named or described or referred to in acceptable geographic terms (e.g. "all London Boroughs" or "all UK local authorities" etc) in the Framework Agreement and the scope of the Council's requirements are specified in the Framework.
- 31.2 Officers must get confirmation from Corporate Procurement that the Council is signed up to or otherwise has access to a specific Framework Agreement before procuring from that Framework Agreement.
- 31.3 Where the terms of a Framework Agreement provide for direct call-offs without competition and the terms of such call-off are sufficiently precise, Officers may, after consultation with Corporate Procurement and/or Legal Services, call-off under the Framework Agreement without competition.
- 31.4 Where it is proposed to award a specific contract based on a Framework Agreement in which all the terms of the proposed contract are not laid down or where the terms of the Framework Agreement so specify, a mini- competition shall be held in accordance with the terms of the Framework Agreement.

Unless otherwise provided, tenders shall be invited from all members of the relevant category of the Framework Agreement which are capable of carrying out or delivering the requirements of the specific contract.

- 31.5 Procurement Strategy Reports must be prepared for all procurements with a Contract Value of £50,000 or more intended to be made from framework agreements except where the subject-matter of the procurement has been included within the scope and calculations of a previously approved Procurement Strategy Report covering the procurement of works, goods or services of the nature proposed from the framework agreement.
- 31.6 Details of all contracts awarded under Framework Agreements must be provided to Corporate Procurement and reported to Cabinet retrospectively on a quarterly basis.

## **32 Setting up a Framework Agreement**

- 32.1 A Procurement Strategy Report must be prepared and approved by Cabinet before any Framework Agreement can be set up by Officers.
- 32.2 The term of any Framework Agreement must not exceed four years (EU requirement) except in exceptional circumstances relating to the subject of the Framework Agreement. Officers must seek advice and approval from Legal Services in the event that a Framework Agreement for more than four years is required.
- 32.3 The default for creating a call-off mechanism when creating a Framework Agreement should be a mini-competition. Proposals to resort to direct call-offs should be set out in the Procurement Strategy Report and approved by the Procurement Board or in the case of Personalised Contracts, by the relevant Chief Officer.
- 32.4 Officers must consider the impact of potentially closing the market in any sector to new suppliers during the period of the Framework Agreement and ensure that the benefits and length of the Framework Agreement are justified.

## **33 Shortlisting**

- 33.1 If a shortlist of potential bidders has to be drawn up in order to take forward a manageable number of bidders the criteria and reasons for shortlisting must be documented.
- 33.2 The shortlisting process must be open and transparent to all contractors and pre-determined selection criteria must be used.

- 33.3 The provisions of Rule 41 must be complied with when shortlisting.
- 33.4 The basis for both shortlisting and rejecting tenderers should be documented. These decisions must be based on factors that relate explicitly to the contractor's ability to deliver the contract. .
- 33.5 Advice from Corporate Procurement should be sought before any bidder is excluded from the shortlist.

#### **34 Invitations to Tender**

- 34.1 Officers must ensure that the number of tenderers invited to participate in a tender exercise is sufficient to ensure genuine competition.
- 34.2 Where procurements are conducted following procedures prescribed under the Regulations, the minimum number of tenderers required to be invited to participate in a tender exercise to ensure genuine competition shall be:
- 34.2.1 five tender responses where the Restricted Procedure is proposed to be followed, and
- 34.2.2 three tender responses where the Negotiated or Competitive Dialogue procedures are proposed to be followed.
- 34.3 Officers may, following a pre-qualification exercise which results in fewer than the required minimum number of responses (as set out in Rule 32.2 above) being selected, continue a procurement exercise with less than the minimum number of tenderers referred to in Rule 32.2 above, provided the number tenderers invited is sufficient to ensure genuine competition. In any such case the advice of Corporate Procurement and where necessary, Legal Services must first be taken.
- 34.4 Candidates invited to tender must be given an adequate period in which to prepare and submit a tender response consistent with the urgency of the procurement requirement, the level of complexity of the requirement and according to the industry norm.
- 34.5 Normally at least three weeks should be allowed for submission of tenders. For tenders above the EU Threshold, Officers must adhere to the EU tender minimum timescales.
- 34.6 The tender documentation must explain how information provided in the bidder's response/s will be treated with regard to any statutory requirements (e.g. Freedom of Information Act requests). If in doubt please seek advice from Corporate Procurement.

- 34.7 Council Officers should not amend the tender documentation once it has been issued. In exceptional circumstances it may be necessary to make amendments to tender documentation. Before making and publishing any amendments to tender documents Officers should consult with Corporate Procurement and obtain the advice of Legal Services.
- 34.8 Any amended tender documentation must be issued to all persons to whom the original documentation was sent.
- 34.9 Invitations to tender must include a statement that the Council does not bind itself to accept the lowest price tender or any other tender.
- 34.10 Bidders must be required to hold their tenders open and valid for acceptance by the Council for a minimum of 90 days from the date of opening.
- 34.11 The evaluation criteria and sub criteria must be disclosed in the Invitation to Tender documentation and any prequalification documentation
- 34.12 The contract terms and conditions must be included with the Invitation to Tender documents. These must be obtained from Corporate Procurement or Legal Services.
- 34.13 Every Invitation to Tender shall state the date and time by which it should be returned and where physical bids are invited, inform bidders that no tender will be received except in a plain sealed envelope which shall bear the word "Tender" followed by the subject to which it relates, but shall not bear any name or mark indicating the identity of the sender.

## **35 Contract Documentation**

- 35.1 Officers shall not spend money on goods, works or services without a proper contract being in place. The only valid contracts will be those which are created in accordance with these Rules.
- 35.2 With the exception of the Leader (where authorised under the Council's Constitution), elected Members of the Council cannot procure or enter into contracts on behalf of the Council. Council contracts may only be entered into by Officers authorised in accordance with the Council's Officer Scheme of Delegation
- 35.3 All contracts made on behalf of the Council must be in writing and signed or sealed (as appropriate) at the end of the procurement and award process.
- 35.4 Officers must ensure that all the necessary permissions are in place (e.g. funding commitments, licences, and leases) before the contract is entered into.

If in doubt Officers should consult Legal Services.

- 35.5 Officers must ensure that the terms and conditions of each contract are appropriate for the purpose. Where applicable, the Council's standard terms and conditions for the type and value of contract should be used. If in any doubt, Officers must take advice from Corporate Procurement.
- 35.6 Where it is proposed that a form of contract other than the Council's standard contract is used for a particular procurement, Legal Services must be instructed to review and approve the proposed alternative form of contract or draft appropriate alternative contract terms and conditions.
- 35.7 No contract should be entered into on a contractor's (including supplier's and consultant's) terms and conditions without the prior approval of Corporate Procurement and where necessary, on the advice of Legal Services.

## **36 Pre-Tender Clarification**

- 36.1 Officers may answer questions or provide information in response to requests from prospective bidders in relation to an ITT or Invitation to Quote. However, the selection process must be demonstrably fair to all participants. Accordingly, no bidder should be given information from which they may gain an unfair advantage over rival bidders who do not have access to that information.
- 36.2 A formal procedure for recording questions posed and responses sent must be in place and be used.
- 36.3 Questions of a complex technical or procedural nature must be notified to Corporate Procurement who may, if they deem it necessary, refer the issue to Legal Services.
- 36.4 Where questions are asked, the anonymised questions received and answers/information provided must be provided to all bidders before the final date for submission of tenders
- 36.5 Officers responsible for the procurement must set the date by which the bidders must submit questions and no further queries can be accepted after such time. This must be clearly stated in the ITT.

## **37 Fraud Prevention**

- 37.1 Every contract shall contain a condition permitting the Council to cancel the contract and recover from the contractor the amount of any loss resulting from such cancellation, should the contractor, his servant or agent:

- 37.1.1 offer, give or agree to give to anyone, any inducement or reward in respect of the relevant or any other Council contract (even if the contractor does not know what has been done); or
- 37.1.2 commit an offence under the Bribery Act 2010 or Section 117(2) of the Local Government Act 1972; or
- 37.1.3 commit any fraud in connection with any Council contract, whether alone or in conjunction with Council members, Officers, contractors or employees.

### **38 Insurance and bonds or other security**

- 38.1 Every contract for the carrying out of works or the provision of services shall require the contractor to take out and maintain Employers Liability, Public Liability and such other insurance policies as are deemed appropriate for the duration of the contract;
- 38.2 The contractor shall take out insurance for such a period as the Council's Insurance Team shall advise. Officers have the right to check insurance certificates for this period.
- 38.3 Where the contractor has not taken out the required insurance certificates, the responsible Officer must notify the Council's Insurance team immediately.
- 38.4 Officers should seek advice from the Insurance team and Corporate Procurement to determine whether a performance bond, parent company guarantee or other security will be required from the successful tenderer as a condition of the contract being awarded to such tenderer. Any such requirement shall be included in the ITT or otherwise advised to tenderers before the deadline for submission of tenders.

### **39 Confidentiality**

- 39.1 Officers must ensure security and confidentiality of documentation supplied at all stages of a procurement exercise, including tender evaluation reports, working papers and minutes of meetings. The procuring Officer must ensure that he or she records in writing all minutes of meetings and decisions/actions taken.
- 39.2 Where a bidder's briefing is to be held to brief prospective bidders of a procurement, all bidders should be informed in advance that multiple bidders shall be in attendance and that it is the responsibility of the representatives present to ensure that the identity of their organisation is kept confidential and more importantly details of their respective bids are not disclosed to other parties.



#### **40 Freedom of Information and Data Protection**

- 40.1 The Council has specific obligations under the Freedom of Information Act 2000 and Data Protection Acts regarding disclosure of information, and all tenderers must be notified that any documentation produced and provided during the procurement process may be subject to release under the Acts.
- 40.2 During tender processes, bidders must be informed that they should state if any of the information supplied by them is confidential or commercially sensitive or should not be disclosed in response to a request for information made to the Council. Bidders should state why they consider the information to be confidential or commercially sensitive. This will not guarantee that the information will not be disclosed but will be examined in the light of the exemptions provided in the Act.

#### **41 Criteria and Evaluation**

- 41.1 Before tendering any contract, Officers responsible for the procurement must decide upon the criteria and associated weighting on which tenders and quotations will be evaluated. All those who are invited to tender or quote must be notified of the evaluation criteria and weighing. These must be documented before the start of the procurement and set out in the advertisement or in the ITT (as appropriate).
- 41.2 Officers must treat selection and award criteria separately. Selection criteria are based on a bidder's capability to perform the contract and are only used at the pre-qualification to tender (PQQ) stage in a Restricted Procedure or other two (or more) stage tender exercise. Award criteria are used at the Invitation to Tender stage to determine which of the bids best satisfies the Council's requirements. These should be described in the tender documentation. Criteria used to select bidders should not be used or re-evaluated at the award stage.
- 41.3 The evaluation criteria must establish that the contract will be awarded to the bidder that submits either the most economically advantageous tender or the lowest price tender (as appropriate). This should be made explicit in both the Invitation to Tender and any advertisement. Any sub-criteria must also be documented in the Invitation to Tender. Every contractor must be informed of the weightings attached to each criterion.
- 41.4 Evaluation criteria and weightings must be non-discriminatory and should include whole life cycle costs where appropriate.
- 41.5 Officers must ensure that the specification and evaluation criteria take into account the Council's strategic and policy priorities.

- 41.6 Officers must apply the criteria as set out in the ITT or contract notice when evaluating tender bids and shall not introduce any additional criteria or amend the weightings to tenders. Should it prove necessary to amend the criteria or weightings, all parties to whom the ITT was issued must be issued with the amended documentation before the deadline for submission of tenders and if necessary, the time for submission of tenders should be extended.
- 41.7 Officers should not include any Non-Commercial Considerations in the selection or award criteria.
- 41.8 Officers must ensure that experts or appropriately qualified or experienced Officers or consultants evaluate all tenders in accordance with the pre-determined evaluation criteria.
- 41.9 A full documented record must be made and kept of the selection process, recording relevant scores for each bidder and a clear statement as to how the final decision was reached. All such decisions must be communicated to unsuccessful bidders and are open to challenge.

## **42 Use of Presentations and Site Visits in a Tender Process**

- 42.1 Save where the Negotiated or Competitive Dialogue Procedures are used to conduct procurement, careful consideration should be given to the use of presentations and/or site visits within the tender process. There should be a clear understanding of the reason for the use of the presentation or visit and how it will contribute to the evaluation process. The documentation must clearly state what relevance and weighting presentations/site visits carry as part of the award criteria. If in doubt, officers should seek advice from Corporate Procurement and/or Legal Services.
- 42.2 The default position should be not to conduct site visits except where any of the location, activity undertaken, state of repair and suitability of the site will be important factors in the delivery of the service. If a site visit is required, this must be declared as part of the evaluation criteria in the tender documentation.
- 42.3 Where a service is to be provided from Council premises and it is considered important that potential providers view the premises, all bidders must be invited to be present or be included in every site visit organised by the Council.

## **PART D**

### **AWARDING THE CONTRACT**

#### **43 Tender Submissions and Opening (Class C, D E and F Contracts)**

- 43.1 Every Invitation to Tender (ITT) or ITQ shall state that no tender will be considered unless it is returned in plain, sealed packaging which bears the word “tender” followed by the contract name and reference number, if applicable. The instructions shall clearly indicate that there must be no name or mark indicating the tenderers identity on the packaging.
- 43.2 Every ITT or ITQ must inform tenderers that all tenders must be addressed to the officers and address stated in the ITT or ITQ.
- 43.3 Tenders received must be date stamped and locked away until the specified time for their opening and a record of the tenders received must be signed for and logged in the tender record book.
- 43.4 Tenders must be opened at the same time as soon as possible after the date and time specified for the receipt of tenders. Electronic tenders may only be received via the Council’s electronic tendering system after the closure time has passed.
- 43.5 All tenders must be opened by the Security team and recorded in the required template and then handed over to the Officer responsible for the procurement.
- 43.6 All tenders received must:
- 43.6.1 Be opened in the presence of the Security team and where necessary or appropriate, a representative from Corporate Procurement, and
  - 43.6.2 Be date stamped and signed by the Security team at the time of opening on the page containing the overall Contract Value, alternatively on the pages containing the price information where no overall value is quoted
  - 43.6.3 Be logged in the tender record book.

#### **44 Receiving late tenders, irregular tenders or errors in tenders**

- 44.1 Where a tender has been received which is an irregular tender in that it does not fully comply with the instructions given in the ITT to bidders (e.g. not to have any identifying markings on the bid envelope or packaging), the Officer shall, prior to opening any of the tenders, report this to his/her Chief Officer

giving details of the irregular tender. The appropriate Chief Officer, with the prior approval of the Head of Legal Services may accept the irregular tender if s/he determines that the bidder has gained no unfair advantage from the irregularity and the tender process has not been compromised as a result.

44.2 Where a tender has been received which is deemed to be late (has passed the tender response deadline) the Officer shall prior to opening any of the tenders report this to his/her Chief Officer giving details surrounding the circumstances of the late tender. The Chief Officer with the prior approval of the Head of Legal Services may accept the late tender if they determine that:

44.2.1 the delay was caused by exceptional circumstances for which the bidder was not primarily responsible; and

44.2.2 the bidder has gained no unfair advantage from it being late and the tender process has not been compromised as a result.

44.3 The appropriate Chief Officer, with the prior approval of the Head of Legal Services may permit a bidder to correct an identified arithmetic or clerical error or omission that, in the opinion of the Chief Officer, is an obvious one and if they determine that the bidder has gained no unfair advantage from correcting the error. Any such corrections will be recorded on the tender file.

44.4 The Chief Officer of a procuring department may treat as irregular and may invalidate and reject a bid:

44.4.1 where it appears that the tenderer is in breach of the Regulations and/or these Rules;

44.4.2 where a bid is subject to any qualification, amendment or alteration which has been prohibited by the Council as part of the procurement exercise;

44.4.3 any amendment to the tender price is received after the tenders have been opened;

44.4.4 any tender from which the tender price has for some reason either been omitted or is otherwise not ascertainable;

44.5 The Chief Officer shall record in writing the reasons why each irregular or late tender has been accepted or rejected and sign and date the record

44.6 All tender related documentation must be stored and available for inspection in a secure location and must not be moved without the permission of Officers responsible for the procurement.

#### **45 Post Tender Clarification**

- 45.1 Seeking post-tender clarification of a tender whether in writing or by way of a meeting is permitted only with the approval of Corporate Procurement and on the advice of Legal Services.
- 45.2 Post tender clarifications should not be used as opportunities to conduct post-tender negotiations. Post-tender negotiation means negotiations with any bidder after submission of a tender and before the award of the contract with a view to obtaining an adjustment in price, delivery or content. Such negotiations are prohibited under EU law.
- 45.3 Officers shall take into account the requirements of the Regulations and these Rules and consult Corporate Procurement before conducting any clarifications or refinements to any tender and related documentation.
- 45.4 Any post-tender clarifications must be conducted in line with the relevant EU Procedure and must not distort competition particularly with regard to price. They should be used only to clarify any aspect of a tender that is not clear.
- 45.5 Any clarification or discussions must be conducted by or in the presence of at least two Officers, one of whom must be from Corporate Procurement, on Council premises, and a detailed contemporaneous written record kept.
- 45.6 Where post-tender clarifications may result in a significant change to the specification (or contract terms) the contract must not be awarded but be re-tendered. Officers should consult Corporate Procurement and/or Legal Services in cases of uncertainty.

#### **46 Standstill Period & Challenge**

- 46.1 In the case of contracts subject to the full scope of the EU Regulations (Part A contracts) Officers must notify all bidders of the intended award of the contract and must allow a mandatory minimum standstill period of 10 calendar days (otherwise 15 days for non-electronic tenders) between notification of a proposed award and entering into a contractually binding agreement (Standstill Period).
- 46.2 Officers may not make an award of contract, nor make any commitment to award a contract, until the standstill period has expired. The standstill period must not commence until all internal approvals have been finalised.
- 46.3 Officers must notify all tenderers that submitted a bid of its decision in relation to the award of the contract. This must be done in writing by the quickest means of communication available, as soon as possible after the award decision has been made.

- 46.4 The notice referred to above must include:
- 46.4.1 details of the award criteria
  - 46.4.2 the reason for the decision, including characteristics and (in the case of bidders only) the relative advantages of the winning bidder
  - 46.4.3 the score obtained by the unsuccessful bidder
  - 46.4.4 the score obtained by the successful bidder
  - 46.4.5 the name of the bidder to be awarded the contract
  - 46.4.6 the date on which the standstill period ends or before which the Council will not enter into the contract with the successful bidder
- 46.5 A notice of the nature and containing the detail referred to in Rule 44.4 above must also be sent to all candidates i.e. those who applied to be invited to bid but who were not so invited. Such notice must also inform the candidates of the reason why they were unsuccessful but does not need to detail the relative advantages of the winning bid.
- 46.6 It is most important that any communication with the preferred bidder(s) does not lead such bidders to believe it constitutes a contract award or a conditional award. Corporate Procurement and Legal Services can advise on this.
- 46.7 The mandatory standstill period does not apply to below threshold procurements or to procurements otherwise outside the full scope of the EU Directives e.g. Part B service contracts
- 46.8 The mandatory standstill period applies for framework agreements only at the stage at which the framework agreement itself is awarded, but not during subsequent call-offs or mini-competitions within framework agreements.
- 46.9 In the event a challenge is made to the award of the contract, Legal Services and Corporate Procurement must be notified immediately and advice obtained.

#### **47 Contract Award**

- 47.1 No contract shall be awarded unless the award has first been approved by Cabinet/HWB or an Officer duly authorised under the Scheme of Delegation, as appropriate.
- 47.2 A contract may only be awarded where the appropriate budget holder has the funds in place to sustain the contract prior to award.
- 47.3 Every decision to award a contract must be in writing by a Cabinet/HWB minute or a Delegated Authority Decision Statement. The relevant Decision Statement must be supported by a report ("Contract Award Report") signed by the relevant Chief Officer or other Officer authorised under the Scheme of Delegation (as the case may be) and, in the case of contracts with a Contract

Value of £100,000 or more, agreed by the Chief Finance Officer and the Head of Legal Services or their nominated delegates.

- 47.4 The Contract Award Report shall set out the details of the criteria and weighting applied, the evaluation process followed, the results, and a recommendation as to the tenderer to whom the Council proposes to award the contract.
- 47.5 In the case of tenders above the EU thresholds, bidders must be notified in writing of the award in accordance with Rule 44 above. Guidance may be sought from Corporate Procurement.
- 47.6 In the case of procurements where a standstill period is required to be observed, a letter “(Letter of Intention to Award)” must be written to the successful bidder advising them that following the evaluation of bids, the Council intends, subject to the standstill period elapsing without challenge, to award the contract to the bidder.
- 47.7 The Letter of Intention to Award must set out the main terms of the contract that will bind the parties including the duration, price, contract conditions, and other significant contract terms and documentation such as the specification and tender response documents.
- 47.8 The Letter of Intention to Award must make it clear that the issuing of the Letter of Intention to Award is merely a statement of intention and does not equate to a firm offer to contract with the successful bidder as the Council still reserves the right not to award the contract.
- 47.9 Corporate Procurement must be notified immediately of any challenge to a procurement process in order that appropriate and conforming action may be taken.
- 47.10 Officers responsible for the procurement must submit a report and obtain the further approval of Cabinet/HWB/the Chief Officer prior to award when:
- 47.10.1 The contract which is the most economically advantageous solution, in accordance with the established tender evaluation criteria, is not being recommended for acceptance;
  - 47.10.2 Cabinet/HWB has chosen in advance to become involved in awarding the contract.
- 47.11 If at the completion of the tender process the final price falls within a higher band of the Approval Table, the contract should not be signed or sealed until the Officer / body designated to give approval for that higher band gives the requisite written approval.

- 47.12 If all the bids exceed the set budget, or none represent value for money there is no obligation to award the contract. In this situation Officers may abandon the procurement and notify all bidders. Officers must seek approval from authorising Officers named in the Approval Table before notifying any bidders.
- 47.13 If the bid that represents the most economically advantageous or lowest price tender comes in at a cost that exceeds the budget for the procurement, a report must be submitted to the relevant Chief Officer or Cabinet/HWB (as the case may be), informing them of this fact and the Chief Officer or Cabinet/HWB (as the case may be), shall decide whether sufficient additional funds should be released to award the contract or to authorise Officers to abandon the procurement. Officers shall not engage in post-tender negotiations with a view to altering the scope or nature of the specification as this will likely distort the competition.
- 47.14 If a bidder withdraws from the tender process before the contract is awarded, this must be confirmed in writing. If the withdrawing bidder had the highest score, the contract may be awarded to the bidder with the next highest score.
- 47.15 In the absence of any direction to the contrary from the Cabinet/HWB, contracts may be awarded by the Chief Officer or in accordance with the Scheme of Delegation as long as the necessary financial approval has been given by Corporate Finance.
- 47.16 After the tender evaluation process and any relevant standstill period has elapsed without any challenge, the contract may be awarded to the successful bidder.
- 47.17 Where the Standstill period has elapsed without any challenge being made, a letter (Letter of Award) must be written to the successful bidder advising them that the standstill period has elapsed without challenge and confirming the Council's intention to award the contract to the bidder.
- 47.18 The contract documentation to be signed by the successful bidder should accompany the Letter of Award.
- 47.19 Where the contract documentation is not immediately available for execution by the parties, the Letter of Award must confirm the main terms of the contract that will bind the parties as set out in the Letter of Intention to Award and the successful bidder shall be required as a condition of the Council entering into the contract with them, to confirm acceptance of the Council's offer to contract by signing and returning a signed copy of the Letter of Award accepting the Council's offer and agreeing to be bound by the terms stated in the Letter of Award (Letter of Acceptance). The signed Letter of Acceptance shall constitute a contract between the Council and the successful bidder until



the formal contract documentation has been executed by all parties.

#### **48 Debrief**

- 48.1 The procuring Officer shall, if requested in writing and provided a notice under Rule 44.4 has not already been provided, within 15 days of receipt of such request, debrief in writing all those bidders who submitted a tender about the characteristics and relative advantages of the successful bidder.
- 48.2 This should normally include:
- 48.2.1 the criteria for the award of the contract (e.g. the scoring and assessment mechanisms);
  - 48.2.2 the reasons for the decision, including the characteristics and relative advantages of the successful tender.
  - 48.2.3 the name of the winner
  - 48.2.4 the winner's score
  - 48.2.5 the tenderer's own score;
  - 48.2.6 if relevant, an explanation as to why the tenderer did not meet the technical specifications of the procurement;

#### **49 Contract Sealing/Signing**

- 49.1 Chief Officers must ensure that a signed or sealed contract is in place and all pre-conditions have been complied with (such as provision of insurance certificates and DBS checks) before the goods are ordered or works or services begin. Where for matters of urgency it is necessary for the contractor to commence work without a signed contract being in place, the procuring Officer shall ensure that a Letter of Acceptance of the contract has been signed and returned by the successful bidder before the goods are ordered or works or services begin. Legal Services should be consulted before officers agree that the contractor can commence work without a formal contract being in place.
- 49.2 All contracts with a total contract value of £100,000 or more must be sealed by Legal Services.
- 49.3 The fixing of the Council's Seal must be witnessed by the Head of Legal Services or such other authorised Officer as s/he shall nominate. The seal must not be affixed without evidence of governance approval being in place.
- 49.4 Every Council sealing will be consecutively numbered, recorded and signed by the person witnessing the seal.

- 49.5 In order for Legal Services to seal a contract, Officers responsible for the procurement must provide:
- 49.5.1 The Minute evidencing Cabinet/HWB approval and/or;
  - 49.5.2 A signed Delegated Authority Decision statement.
- 49.6 All contracts must be recorded on the Council's Contracts Register immediately after award. Officers are required to provide Corporate Procurement with an electronic copy of the signed contract and complete the Contract Register Form.
- 49.7 A Contract Award Notice must be placed by Corporate Procurement in the OJEU following the award of a contract procured under the Regulations within 48 days of such award.
- 49.8 Records of all procurement activity must be retained in accordance with the Council's Document Retention Policy in either electronic or hard-copy format as appropriate.
- 49.9 The Council's original copy of the sealed contract must be registered with and retained by Legal Services. Council Officers are required to retain a photocopy and/or scanned version for their own records and to ensure appropriate monitoring of the obligations placed upon the contractor.
- 49.10 Chief Officers must keep a register of contracts completed by signature (rather than by the Council's seal) and arrange their safekeeping on Council premises.

## **PART E**

### **POST CONTRACT AWARD**

#### **50 Contract Management and Monitoring**

- 50.1 **All contracts must contain a Performance Monitoring schedule and contain a clear procedure for the resolution of disputes.**
- 50.2 The Chief Officer for the service area shall be ultimately responsible for ensuring that appropriate contractual, financial management and security measures are in place.
- 50.3 The Council's Finance department should be fully informed of the contact and banking details of the contractor (through Oracle if required) in order to issue payments.

#### **51 Managing Contracts**

- 51.1 All contracts must have a named contract manager for the entirety of the contract who must be identified and recorded against the contract on the Council's contracts Register.
- 51.2 All contracts are to be subject to formal reviews between the Council's contract managing Officer and the contractor.
- 51.3 During the life of the contract the contract's managing Officer must monitor:
- 51.3.1 Performance
  - 51.3.2 Compliance with specification and contract
  - 51.3.3 Cost
  - 51.3.4 Any value for money requirements
  - 51.3.5 User satisfaction and risk management

#### **52 Risk Assessment & Contingency Planning**

- 52.1 Contract managers are required to consider if there are any significant risks to key contracts which might adversely impact on contract cost or delivery. Such risks should be recorded on team/service/department risk registers as necessary and should indicate how the risks are being, or are proposed to be, managed to bring the risk to a level acceptable to the Council. This approach will make any key contracting risks visible and ensure they are managed in accordance with Risk Management policy.
- 52.2 Officers should seek advice and guidance on risk management from Corporate Procurement or the Council's Risk team.

52.3 The Council's Insurance team should be informed of the commencement of the contract and if applicable be provided with copies of a contractor's policy documents.

### **53 Monitoring Reports**

53.1 The Chief Officer shall ensure that a report of all contracts approved by him/her or under the Officer Scheme of Delegation for that department shall be prepared and submitted to him/her quarterly. The report shall identify:

53.1.1 All contracts entered into during the monitoring period

53.1.2 An update of any risks

53.1.3 Any default notices issued during the monitoring period and throughout the life of the contract and

53.1.4 The expenditure made under the contract (including any extensions and variations) and

53.1.5 A budget status report on the contract.

53.2 The Procurement Board shall be entitled to call for and consider any monitoring report and make any recommendations it deems necessary for the future management of the contract to which the report refers.

### **54 Contract Extension**

54.1 Extensions can only be made where:

54.1.1 there is budgetary provision; and

54.1.2 value for money can be clearly demonstrated; and

54.1.3 there is a provision stipulated in the Notice and/or original contract for an extension; or

54.1.4 an exemption request (waiver) is made where no specific provision exists in the contract.

54.2 No contract subject to the Regulations may be extended unless the original OJEU Notice advertisement and the contract itself permit of the extension. It is not possible to extend the contract if an extension provision was not in place from the outset of the tendering process.

54.3 Officers must seek advice from Legal Services and Corporate Procurement before extending any contract. Legal Services will advise whether the extension can be made and draft all documentation in relation to the same.

- 54.4 No contract with an extension value of £100,000 or more shall be extended without the approval of the Procurement Board and on the advice of the Head of Legal Services and the Chief Finance Officer.
- 54.5 Contract extensions shall for the purpose of this Rule be treated as new contracts and shall thus only be awarded by Cabinet/HWB or Officers with the requisite delegated authority (depending on Contract Value) in accordance with the Council's Scheme of Delegation.
- 54.6 Every decision to extend a contract must be in writing by a Cabinet/HWB minute or a Delegated Authority Decision Statement signed by the Officer authorised under the Scheme of Delegation (as the case may be) and agreed by the Chief Finance Officer and the Head of Legal Services or their nominated delegates.
- 54.7 All contract extensions must be registered and included with the original contract in the Council's Contract Register.

## **55 Variations**

- 55.1 Once a contract has commenced, the terms should not be amended unless provided for within the contract and on the basis that both parties shall have agreed the variation.
- 55.2 No variation/amendment shall be made, the effect of which will be to award a new contract materially different in character from the original contract. This will occur:
- 55.2.1 Where it introduces conditions which, had they been part of the initial award procedure, would have allowed for the admission of bidders other than those initially admitted or would have allowed for the acceptance of a tender other than the one initially accepted.
- 55.2.2 When it extends the scope of the contract considerably to encompass services not initially covered.
- 55.2.3 When it changes the economic balance of the contract in favour of the contractor in a manner which was not provided for in the terms of the initial contract.
- 55.3 Price changes, which were not anticipated in the original contract, could amount to breach of the principles of equal treatment and transparency.
- 55.4 Annual price reviews (such as increasing by RIPX) are usually covered within the contract and do not need a separate variation agreement. If it is unclear

whether this is the case in respect of any particular contract, Legal Services must be consulted.

- 55.5 Officers must seek advice from Legal Services and Corporate Procurement before varying any contract. Legal Services will advise whether the change can be made and draft all documentation in relation to the same.
- 55.6 No contract with a Contract Value of £100,000 or more shall be varied without the approval of the Procurement Board on the advice of the Head of Legal Services and the Chief Finance Officer.
- 55.7 Contract variations shall only be made by Cabinet/HWB or Officers with the requisite delegated authority to award the original contract (as the case may be) in accordance with the Council's Scheme of Delegation.
- 55.8 Every decision to vary a contract must be in writing by a Cabinet/HWB minute or a Delegated Authority Decision Sheet signed by the Officer authorised under the Scheme of Delegation (as the case may be) and agreed by the Chief Finance Officer and the Head of Legal Services or their nominated delegates..
- 55.9 All contract variations must be registered and included with the original contract in the Council's Contract Register.

## **56 Novation, Assignment and Sub-Contracting**

- 56.1 No contract with a Contract Value of £100,000 or more shall be novated, assigned or sub-contracted without the express approval of the Head of Legal Services and the Chief Finance Officer.
- 56.2 Officers must seek advice from Legal Services and Corporate Procurement before novating, assigning or sub-contracting any contract. Legal Services will advise whether the transfer can be made and draft all documentation in relation to the same.
- 56.3 All requests regarding the change of parties to the contract must be referred to Legal Services.

## **57 Changes in Law**

- 57.1 All contracts with duration longer than 3 years should make provision to address how changes in the law that affect the contract will be addressed. If the law changes mid-way through the contract and it significantly affects the contract, Legal Services should be consulted immediately.

## **58 Final Reports**

- 58.1 Officers responsible for the monitoring of the contract must ensure that all final reporting obligations have been adhered to and the contractor has also complied with the same.
- 58.2 Officers shall prepare Final Accounts reports for all contracts with a Contract Value in excess of £100,000. Such Final report shall, as a minimum requirement, include the following details:
- 58.2.1 An overview of the objectives of the contract and the extent to which they had been met
  - 58.2.2 Planned start and finish dates
  - 58.2.3 Actual start and finish dates
  - 58.2.4 Reasons for any difference
  - 58.2.5 Declared/estimated Contract Value on award of contract
  - 58.2.6 Actual contract cost
  - 58.2.7 Reasons for any difference
  - 58.2.8 Any lessons learned
- 58.3 Final reports shall also be submitted, in the case of contracts with a Contract Value of £100,000 or more, to the Procurement Board, and for all other contracts, to the Chief Officer.

## **59 Funding Withdrawal**

- 59.1 Funding received by the Council and being utilised for the provision of goods, services or works may in extreme circumstances be withdrawn at short notice. Officers must inform their Chief Officer and/or the Procurement Board (as appropriate) immediately in these circumstances.

## **60 Expiry Date**

- 60.1 Where the contract is to run its full course and reach the expiry date, Officers must review the contract and take all necessary steps to consider the re-tender of the same at least nine months prior to the expiry.

## **61 Early Termination**

- 61.1 Legal Services and the Chief Finance Officer must be consulted in all instances where early termination or suspension of a contract is being proposed.

- 61.2 Irrespective of the reason for the termination of the contract, the final authorisation to suspend or terminate a contract can only be given by Cabinet/HWB or the commissioning Chief Officer or other Officer (as the case may be) with the level of authority to award contracts of the value of the contract which is to be terminated as identified in Rule 28.
- 61.3 Approval for early termination of a contract shall not be given unless a report setting out:
- 61.3.1 The full circumstances leading to such termination
  - 61.3.2 The financial implications of such termination, including penalties or compensation liabilities, and
  - 61.3.3 The legal implications of such termination
  - 61.3.4 Proposals for ongoing service provision
  - 61.3.5 Continued funding capability following the termination
  - 61.3.6 Potential re-procurement requirements
  - 61.3.7 Has been prepared and submitted to the Officer or body making the decision.
- 61.4 Except in an Emergency or where specific departmental processes have been approved for early termination or suspension (e.g. in Safeguarding cases) no High Value Contract shall be terminated or suspended without the express approval of the Procurement Board.

## **62 Document Retention**

- 62.1 All Officers must follow the Council's Corporate Retention Guidelines.
- 62.2 All signed contracts must be retained for a period of 6 years from the execution date. Sealed contracts must be retained for a period of 12 yrs.
- 62.3 A contractor that has been delivering a contract that requires the contractor to keep records for the Council shall be required, in respect of the information which they hold, to either:
- 62.3.1 Keep the records themselves, and allowing the Council to have access upon request; or
  - 62.3.2 Give the records to the Council.
- 62.4 Once the contract has been awarded, Officers:
- 62.4.1 Must keep the successful bidder's documents for at least six (6) years after the end of the contract.
  - 62.4.2 Must keep the unsuccessful bidders' documents for at least twelve (12) months from when you they have been notified.



62.4.3 Must keep all documents, scores and notes from the tender process (including any records from market testing), for at least twelve (12) months from the contract was amended.

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## SCHEDULE

### Definitions and Interpretation

#### Definitions

**'Approval Table'** – means the table set out in Rule 26 detailing the Contract Value bands together with the level of approval required.

**'Cabinet'** – means the Council's Cabinet established under Section 11 of the Local Government Act 2000

**"Chief Finance Officer"** – means the Officer so designated as the Council's Chief Finance Officer under S151 of the Local Government Act 1977.

**'Chief Officer'** – means the Chief Executive or a Corporate Director as defined in the Constitution

**'Constitution'** - means the Council's Constitution

**'Contract'** – means any contract, agreement or order for the carrying out of work, the provision of services or the supply of goods or materials to or for the Council, whether by the purchase, lease, rental or hire purchase, including the provision of services to the public on the Council's land or premises or a concession contract. It shall not include contracts for the employment of staff or the sale, purchase, lease or license of land or buildings.

**Contract Award Notice** - means the notice required to be published in OJEU indicating that a relevant contract has been awarded by the Council pursuant to the Regulations

**Contract Notice** - means the notice required to be published in OJEU indicating that the Council intends commencing a relevant procurement pursuant to the Regulations.

**'Contract Value'** - means and shall be measured as the aggregate amount the Council expects to pay the Contractor over the total duration of the contract (including any inflation uplift and any extension period) or where the Council is not paying a contractor directly, the Contract Value will be the financial benefit that the contractor will receive over the duration of the contract. If there is any doubt in respect of such a valuation, Corporate Procurement must be consulted.

**'Corporate Procurement'** – means the Council's procurement function provided by Elevate East London LLP (Elevate)

**‘Council’** – means the London Borough of Barking & Dagenham

**‘Council Company’** - means any company or organisation owned or controlled by the Council.

**‘Cross-border interest’** – means the potential interest that providers in other EU Member States may have in tendering for a contract.

**‘Elevate’** - means Elevate East London LLP

**“Emergency”** - means a serious unforeseen event, situation or occurrence that happens unexpectedly, and which is likely to cause immediate danger to the Council, its residents or property if immediate action is not taken. The Emergency must be urgent and unforeseen – for example, natural disasters such as flooding, fires or bombing, or financial or operational, such as a current supplier ceasing to operate leaving residents without critical services.

**‘Framework Agreement’** - means any agreement between the Council or the Council and one or more contracting authorities and/or one or more contractors, the purpose of which is to establish the terms governing contracts to be awarded to contractors during a given period, in particular with regard to price, and where appropriate, the quantity envisaged

**‘Forward Plan’** - means the Council’s Forward Plan

**“High Value Contract”** means a contract with an aggregate Contract Value of at least £200,000 (over a period of three years) or with a one-off or annual contract value (spend) of at least £100,000.

**“HWB”** – means the Council’s Health and Well-Being Board as established and set out in Article 5 and Section D of Part C the Council’s Constitution.

**‘ITT’** – means an Invitation to Tender.

**‘Key decision’** - means a decision which is likely to: a) involve significant expenditure or savings and/or b) have a significant effect on the community, as further detailed in the Council’s Constitution.

**“Legal Services”** means the Council’s in-house Legal Services department

**‘Non-commercial considerations’** – means the considerations fully defined in Section 17 of the Local Government Act 1988 (as amended);

**‘Officer(s)’** - means a Chief Officer or other Council Officer(s), and Officers of a Council Company or other person designated and authorised by a Chief Officer or Council Company to procure or enter into a contract on behalf of the Council and “Officers” shall be read accordingly.

**‘Officer Scheme of Delegation’** – means the corporate /departmental financial authorisation scheme of delegation for officers set out in the Council’s Financial Rules as the same may be amended from time to time by the Chief Finance Officer.

**“Personalised Contract”** – means a contract that relates to the social, educational or welfare/care needs of a child or an individual adult.

**‘PQQ’** – means a Pre-Qualification Questionnaire.

**‘Procurement Board’** - means the Council’s corporate Procurement Board

**‘Procurement Strategy’** - means the procurement strategy set out in Rule 23

**Procurement Strategy Report** - means the formal written report provided for in Rule 24 setting out the Procurement Strategy for the proposed procurement

**‘Regulations’** - means the Public Contract Regulations 2006, as amended.

**‘Scheme of Delegation’** - means the corporate scheme of delegation set out in Part C of the Council’s Constitution and/or the Officer Scheme of Delegation as appropriate.

**‘Urgent Action’** - means an Urgent Action taken by the Chief Executive under the provisions of Article 1 in the Constitution.

### **Interpretation**

1.1 In these Rules except where the context otherwise requires:

- the masculine includes the feminine and vice-versa;
- the singular includes the plural and vice-versa;
- a reference in these Rules to any clause, sub-clause, paragraph, Schedule or annex is, except where it is expressly stated to the contrary, a reference to such clause, sub-clause, paragraph, Schedule or annex of these Rules;
- any reference to these Rules or to any other document shall include any permitted variation, amendment or supplement to such document;

2.1 Any reference to any enactment, order, regulation, code, guidance or other similar instrument shall be construed as a reference to the enactment, order, regulation, code, guidance or instrument (including any EU instrument) as amended, replaced, consolidated or re-enacted;

3.1 A reference to a person includes firms, partnerships and corporations and their successors and permitted assignees or transferees;

4.1 Headings are for convenience of reference only;

5.1 Words preceding include, includes, including and included shall be construed without limitation by the words which follow those words;

6.1 The Schedules to these Rules form part of these Rules;

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<u>Key Changes to Contract Rules</u>		
Part/Rule No	Subject	Nature of Revision
<b>Part A</b>	<b>General application of the Rules</b>	This section introduces and details of the application and scope of the Rules. The key provisions here are:
6	Waivers	Clarifies the circumstances under which waivers from Contract Rules requirements can be made and in particular, sets out in clearer terms the grounds on which waivers, including those in an “Emergency”, can be issued.  The Rule also requires written reports/records to be kept of all waivers issued.
7, 8 and 9	Cabinet, Chief Officers and Officer responsibilities	Clarifies the respective responsibilities of Cabinet, Chief Officers and procuring Officers in the procurement process.
<b>Part B</b> (Rules 10 to 25)	<b>Before Commencing a Procurement</b>	This section introduces and prescribes the process and considerations that procuring and commissioning Officers need to consider and undertake <u>before commencing procurement</u> . In particular, it requires Officers to conduct a pre-procurement review and needs assessment, to properly scope the Council’s requirements (not just the individual Service needs), conduct proper market research, properly consider what procurement route to follow, and consider using existing corporate contracts or frameworks.
18	Council’s Social Value Policy	This section also introduces the following new provisions:  This Rule makes provision for compliance with the requirements of the Public Services (Social Value) Act 2012 which provides that where the Council proposes to procure or make arrangements for procuring the provision of services under a public services contract or framework agreement it must <u>before</u> it starts the procurement, consider (a) how what is proposed to be procured might improve the

		<p>economic, social and environmental well-being of the relevant area, and</p> <p>(b) how, in conducting the process of procurement, it might act with a view to securing that improvement.</p> <p>The Council now needs to look beyond the direct purchase of the services and consider wider benefits to the community/area and how to make its contracts open to local and SME businesses and third sector organisations. The Council also needs to consider whether to consult stakeholders before commencing the procurement.</p>
23 & 24	Procurement Strategy Report and Procurement Board approval.	<p>These key provisions confirm the establishment of the officer-led Procurement Board which acts as a procurement gateway and review body and the need to prepare and submit for consideration by the Board, a Procurement Strategy Report which sets out the strategy proposed for any given procurement, the one off or annual Contract value of which exceeds £100,000. The requirements of the Report are set out in Rule 24.2.</p>
25	The Corporate Procurement Plan	<p>Forward planning is key to the success of any high value or complex procurement strategy. This new provision establishes the process by which all such procurements are brought to the attention of the Cabinet. In addition to informing the Cabinet about any significant procurement being proposed, the Corporate Procurement Plan will also serve as a constant reminder to all those concerned with procurement, of the importance that advance notice and forethought plays in every successful procurement.</p>
<b>Part C</b>	<b>The Procurement Process</b>	<p>This section sets out how the procurement process itself must be conducted. It covers how the value of contracts should be valued and procured and includes a threshold table indicating how different value contracts should be procured.</p> <p>The section also sets out the various types of EU procurement procedures available and detailed provisions on the use of framework agreements and contracts.</p>



		Of significance are the following provisions: Provides more clarity as to how contract values should be assessed.
27	Contract Value	
28	Approval Table	Sets out in tabular form how different value contracts should be procured and what approvals are required.  The contract value thresholds have been revised including the value of contracts needing Cabinet approval.
29	Advertising contracts	Clearer rules about advertising to accord with current case law.
31 & 32	Framework Agreements	Introduces new rules about purchasing from and setting up framework agreements to reflect current law and practice.
33 & 34	Shortlisting and Invitations to Tender	The Rules reflect current procurement law and clarify the minimum number of bidders that should be shortlisted and invited to submit tenders depending on the different EU procedures being followed. There is also clarification as to the information that must be included in ITTs.
36	Pre-tender clarification	The provisions under this new rule are intended to clarify the circumstances in which, and what type of questions may be asked and answered before bids are tendered. They reflect current law.
40	FOI and DPA	These are new provisions advising officers of their obligations under the FOI and DPA Acts in relation to contracts.
41	Contract criteria, evaluation and selection	The law in relation to contract criteria and evaluation has undergone significant development in recent years and the penalties for failure to comply with the legal provisions can be very severe. These provisions set out what officers need to do to ensure they comply with the law.
42	Presentations and site visits	Officers often include bidder presentations and/or site visits in the tender

		process. These new rules set out the circumstances and conditions under which these can be used.
<b>Part D</b>	<b>Awarding the Contract</b>	This Part of the Rules sets out what should happen to tendered bids. It covers the whole process from receipt and opening of tenders through to the award of contracts, including post-tender clarifications, standstill periods and debriefing of unsuccessful bidders.  Particular provisions of note include:
46	Standstill	Recent legislative changes have imposed stringent obligations on contracting authorities in relation to standstill and information that must be provided to tenderers and candidates. These requirements are contained in the new Rules.
47	Contract Award	The provisions of this rule set out what should happen when a successful tender has been identified. It sets out the internal processes to be followed and the requirements in terms of the letters and information that need to be sent to successful bidders.
49	Contract Sealing/Signing	These provisions explain when and how contracts, once entered into, must be sealed and registered.
<b>Part E</b>	<b>Post Contract Award</b>	This section deals with the post contract management and monitoring of contracts and contains provisions governing the extension, variation, termination and retention of contracts.
<b>Schedule</b>	<b>Definitions and Interpretation</b>	This section provides a glossary of terms used and guidance on interpreting the text.

## ASSEMBLY

4 December 2013

<b>Title: Constitutional Amendments to the Council's financial regulations and rules.</b>	
<b>Report of the Chief Finance Officer</b>	
<b>Open Report:</b> Yes	<b>For Decision:</b> Yes
<b>Wards Affected:</b> All	<b>Key Decision:</b> Yes
<b>Report Author:</b> Kathy Freeman, Group Manager – Corporate Finance	<b>Contact Details:</b> Tel: 020 8227 3497 E-mail: kathy.freeman@lbbd.gov.uk
<b>Accountable Director: Jonathan Bunt, Chief Finance Officer</b>	
<b>Summary:</b>	
<p>This report sets out the review of the Council's Financial Regulations and Rules, which forms Part D of the Constitution.</p> <p>These Regulations and Rules set out procedures and good practice guidance in respect of all aspects of the finance and audit requirements; including budget setting, budget monitoring, closure of accounts, treasury management, fraud, insurance and the control of resources.</p> <p>The Financial Regulations and Rules have been amended reflect the operational needs of the business and to address the proposed changes to the Contract Rules. The Contract Rules are also being put forward to Assembly for consideration.</p> <p>The Assembly is ask to note that the approval levels for revenue budget virements as set down in <b>Appendix B</b>, and the allocation of contingency monies have not been amended as part of this current review. Instead they will be considered as part of the overall Constitution review which will be presented for approval in the lead up to the establishment of a new Council in May 2014</p>	
<b>Recommendations:</b>	
<p>The Assembly is recommended to:</p> <ol style="list-style-type: none"> <li>1. Approve the new Financial Regulations and Rules for full adoption across the Council as set out in <b>Appendix A</b> of this report;</li> <li>2. Authorise the Chief Finance Officer to vary the revised corporate limits set out in section 2 and <b>Appendix B</b> of this report where changes are considered to improve the efficiency of the Council's financial operations without unacceptably increasing risk and;</li> <li>3. Authorise the Monitoring Officer to make the necessary amendments to the Council's Constitution.</li> </ol>	

## Reason(s)

It is good practice to periodically review the Rules to ensure that they balance the need to efficient administration with the minimisation of any financial risks to the authority.

### 1. Introduction and Background

- 1.1 Within the Council's Constitution are the Council's Financial Rules, by which the Council controls itself and governs the manner in which it does business. The Rules define the operational boundaries for officers, what they can do and cannot do without higher approval.
- 1.2 It is good practice to periodically review the Rules to ensure they are relevant and up to date.
- 1.3 The Financial Regulations and Rules have been amended to reflect the operational needs of the business and to address the proposed changes to the Council's Contract Rules.

### 2. Proposals and Issues

- 2.1 The Rules sets out guidance regarding revenue and capital budget monitoring, budget setting, use of reserves, ordering of goods and services, risk management, fraud, insurance, treasury and investment activities.
- 2.2 In order for efficient administration of the Council, the Rules have been amended as such. A summary of the proposed changes to financial limits is attached in **Appendix B**. The main changes are set out in paragraphs 2.3 to 2.7 below:
- 2.3 *Revenue Budget Monitoring*  
The Rules propose that overspends in excess of £250,000 will result in an action plan to Cabinet which sets out proposals for offsetting it and the impact of corrective actions on service delivery. Any overspends below this value will be addressed by the Corporate Director in consultation with the Chief Finance Officer.
- 2.4 *Use of Reserves*  
The Rules propose that all virements to and from Reserves must be approved by Cabinet.
- 2.5 *Approval Limits*  
Contracts greater than £500,000 must be reported to Cabinet before the procurement process begins. Procurement of lower value contracts is subject to a series of procedures and controls set out by the Constitution's Contract Rules. As specified by the Contract Rules, any procurement activity relating to expenditure funded from the Public Health grant, or from Adult Social Care can be approved by either Cabinet or the Health and Wellbeing Board.
- 2.6 *Ordering and Paying for Goods and Services*  
In order to meet the operational needs of the business, the i-Procurement authorisation levels have been amended. For revenue purchases, the limits will be increasing for Group Managers from £5,000 to £50,000, Divisional Directors from

£250,000 to £500,000 and unlimited approval for Corporate Directors. Nominated commissioning managers are able to approve requisitions up to £100,000. The limits have been increased to reflect the operational needs of the business however, it should be noted that there must always be full compliance with the relevant provisions of the Contract Rules. Any procurement over £500,000 will require Cabinet approval or where appropriate approval of the Health and Wellbeing Board. Therefore, Directors can only approve requisitions above £500,000 once the said Member approval has been sought. As with paragraph 2.5, expenditure funded from the Public Health Grant and Adult Social Care budgets can be approved by either Cabinet or the Health and Wellbeing Board. For Capital requisitions, the Rules propose that only project managers can approve requisitions up to £50,000, with the limits for Programme Managers, and Project Sponsors remaining the same. These changes are set out in **Appendix B** of the report.

#### 2.7 *Capital Appraisal Process and changes to the Capital Programme*

The Rules have been amended to better define the Capital Appraisal Process. All proposed capital schemes must go through a Capital Appraisal Process. The Appraisal Process will assess the options analysis, financial implications, procurement options, legal and risk implications, prior to schemes being submitted to Cabinet.

#### 2.8 *Use of Contingency*

The contingency as set in each year's budget may be called upon by Corporate Directors in consultation with the Chief Finance Officer, for individual items of expenditure up to £100,000. Contingency requests over £100,000 must be approved by Cabinet. This remains unchanged.

### 3. **Options Appraisal**

- 3.1 The Financial Regulations and Rules were recently reviewed in December 2012. As such, a general update to the Rules has been made to reflect the changes put forward by the Contract Rules.

### 4. **Consultation**

- 4.1 Amendments to the Rules have been discussed at CMT.

### 5. **Financial Implications**

Implications completed by: Kathy Freeman, Group Manager Corporate Finance

- 5.1 Although there are no direct financial implications arising from this report, the revisions include a number of changes to the Financial Rules that govern how the Council conducts its financial transactions. These changes are highlighted in section 2 of this report, and further details are attached in **Appendix B**.

### 6. **Legal Implications**

Implications completed by: Eldred Taylor-Camara, Legal Group Manager

- 6.1 A periodic review of the Council's financial regulations is part of the mechanism of ensuring sound governance arrangements in accordance with good practice. Local

Authorities are under an explicit duty to ensure that their financial management is adequate and effective and that they have a robust system of internal control and management of financial risk. The measures in this report support that requirement.

## **7. Other Implications**

### **7.1 Risk Management**

The procedures laid out in the Financial Regulations and Rules represent sound and robust financial practice. If they were to not be adopted or adhered to then the Council would be exposed to the risk of having financial malpractice; incurring fraud/corruption or loss. This would also lead to a negative external audit report.

### **7.2 Contractual Issues**

None

### **7.3 Safeguarding Children**

None

### **7.4 Health Issues**

None

### **7.5 Crime and Disorder Issues**

None

### **7.6 Property / Asset Issues**

None

## **Background Papers Used in the Preparation of the Report:**

Draft Contract Rules October 2013

Financial Regulations and Rules December 2012

## **List of appendices:**

Financial Regulations and Rules (Part D of the Constitution) – Appendix A  
Summary of the Financial Limits – Appendix B

# FINANCIAL REGULATIONS AND RULES

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## Introduction

In order to conduct itself efficiently, effectively and in accordance with good corporate governance, the Council needs to establish and adhere to financial management policies and this entails the establishment of financial regulations and rules which lay down the procedures to be followed by officers in discharging their financial duties.

The Financial Regulations and Rules are the framework within which the financial affairs of the authority operate. They set out and govern the way the Council undertakes financial planning, risk management and control processes, budget management, budgetary control and statutory year-end processes.

Any failure to comply with these rules constitutes misconduct and will be followed by disciplinary action as appropriate. Significant non-compliance will be gross misconduct and is likely to lead to dismissal.

The regulations provide clarity about the overarching financial accountabilities and responsibilities of individuals, including the Assembly, Cabinet, the Chief Finance Officer, Corporate Directors, Divisional Directors (Heads of Service) and Managers, and provide a framework for decision-making. Where there are specific statutory powers and duties, the Financial Regulations seek to ensure these are duly complied with, as well as reflecting best professional practices and decisions of the Council.

The Financial Regulations and Rules also govern the way the day-to-day financial administration and financial controls are conducted and exercised. They set out the standards to ensure that the Council's resources are used wisely and for the purposes intended, ensure the best practice for dealing with financial matters, improve value for money, service delivery and customer satisfaction and to secure the financial standing of the Council.

These regulations should be read in conjunction with all other financial policies of the Council including contract standing orders, the scheme of delegation, the role of committees and employee codes of conduct.

The regulations apply to all activities of the Council. In practice, this means all monies and funds administered by Council officers by virtue of their office. This includes the authority's direct service and trading organisations within the internal market and funds managed on behalf of third parties such as the superannuation fund and private school funds. Academies and Free Schools have their own financial regulations.

External providers (outsourced services, contractors and consultants for example) are managed through the contract process. The contract document will set out the financial requirements. This will include for example, compliance with key control procedures, generation of service performance statistics, attendance at service client meetings and access to accounts.

The regulations apply to all staff and Members of the Council. However, the prime audience consists of Members, Corporate Directors, Chief Finance Officer, Monitoring Officer, Divisional Directors/Heads of Service, delegated budget holders and all staff working in Human Resources, Payroll, Payables, Receivables and Finance.

It is the responsibility of Corporate Directors to ensure that all employees with financial responsibilities are made aware of and have access to these regulations and rules.

The Chief Finance Officer is responsible for maintaining a regular review and update of these Regulations. The Finance Managers, the Deputy Chief Finance Officer, or the Chief Finance Officer should be contacted if further advice, clarity and support are required in the application of the Financial Regulations and Rules.

Interpretation – please refer to Appendix A

**Section 1: Roles and Responsibilities**

Sound financial planning, management and administration are essential in order to:

- ensure and maintain the effective use of resources to achieve agreed service standards;
- provide complete, accurate and transparent accounts that demonstrate accountability to the public;
- comply with legal and corporate accounting requirements;
- ensure the appropriate use and security of financial and physical assets;
- help the Council provide value for money services and conduct its affairs in an efficient, effective and economic manner.

Members and officers of the Council shall carry out their roles in line with the key areas of responsibilities and associated specific financial procedure rules set out below.

<b>Roles, Responsibilities and Accountability</b>	
<b>Assembly</b>	The Assembly is responsible for adopting the Authority's Constitution and members' code of conduct, and for approving the policy framework and budget within which the Cabinet operates.
<b>Cabinet</b>	The Cabinet is responsible for: <ol style="list-style-type: none"> <li>1. the regulation and control of the finances of the Council, and for discharging executive functions in accordance with the policy framework and budget;</li> <li>2. the approval of draft estimates for submission to the Assembly, and for monitoring financial performance throughout the year. The Cabinet shall also submit recommendations to the Assembly for the levying of general or special rates or taxes.</li> </ol>
<b>Select Committees</b>	Select Committees are responsible for scrutinising any aspect of the finances of the Council, including monitoring and challenging the decisions of the Cabinet. They scrutinise executive decisions,

<b>Roles, Responsibilities and Accountability</b>	
	<p>before or after they have been implemented, and for holding the Cabinet to account.</p> <p>The Public Accounts and Audit Select Committee (PAASC) is an advisory body incorporating the Council's audit function and reports to Assembly. It is responsible for providing independent assurance of the risk management framework and the associated systems of internal control. It provides scrutiny of financial and non-financial performance, and oversees the financial reporting process. It also has a specific responsibility to maintain an overview of the Council's Constitution in respect of contract procedure rules and Financial Regulations and Rules.</p>
<b>Head of the Paid Service (Chief Executive)</b>	<p>The Head of Paid Service is responsible for:</p> <ol style="list-style-type: none"> <li>1. the corporate and overall strategic management of the authority as a whole and the establishment of a framework for management direction, style and standards;</li> <li>2. securing a process for resource allocation that ensures due consideration of national policy and corporate priorities;</li> <li>3. ensuring arrangements are in place to monitor, manage and measure the performance of the Council.</li> </ol> <p>He or she must report to and provide information to Cabinet, the Assembly, and other Committees.</p>
<b>Monitoring Officer</b>	<p>The Monitoring Officer is responsible for:</p> <ol style="list-style-type: none"> <li>1. promoting and maintaining high standards of financial conduct;</li> <li>2. reporting any actual or potential breaches of the law or mal-administration to the Assembly and/or Cabinet;</li> <li>3. ensuring that procedures for recording and reporting key decisions are operating effectively;</li> <li>4. ensuring that executive decisions and the reasons for them are made public;</li> <li>5. advising all councillors and officers about who has authority to take a particular decision;</li> <li>6. advising the Cabinet or Assembly about whether a decision is likely to conflict with the Authority's policy framework or budget;</li> <li>7. for maintaining an up-to-date constitution.</li> </ol>
<b>Chief Finance Officer</b>	<p>The Chief Finance Officer, as the designated statutory Chief Finance Officer and Section 151 Officer, is the Officer responsible</p>

<b>Roles, Responsibilities and Accountability</b>	
	<p>for the proper administration of the Council's financial affairs under Section 151 of the Local Government Act 1972, and Sections 112-114 of the Local Government Finance Act 1988.</p> <p>The Chief Finance Officer has a duty under Section 114(2) of the Local Government Act 1988 to make a report if it appears that the Council, Cabinet, or any Committee has carried out a decision which (a) involves the Council incurring expenditure which is unlawful, or (b) involves a course of action which if pursued would be unlawful and likely to cause a loss or deficiency to the Council.</p> <p>The Chief Finance Officer has a duty under Section 114(3) of the Local Government Finance Act 1988 to make a timely report (in consultation with the Chief Executive and the Monitoring Officer) to every Member where it appears that the expenditure incurred or likely to be incurred in a financial year exceeds resources available to meet the expenditure.</p> <p>The Chief Finance Officer's responsibilities are:</p> <ol style="list-style-type: none"> <li>1. to ensure the co-ordination and integration of service planning, financial planning, asset management, value for money and corporate governance;</li> <li>2. to ensure that the Council's financial arrangements secure the proper stewardship and control of all public funds;</li> <li>3. to provide financial advice, information and support so that resources are managed effectively in delivering the Council's services;</li> <li>4. to set corporate financial management standards and agrees with Directorates detailed procedures to meet these standards;</li> <li>5. to ensure that there is an adequate internal audit and control;</li> <li>6. to approve financial systems or proposals to introduce new processes or systems (including IT systems) to ensure sound financial controls;</li> <li>7. to maintain the Council's principal accounting records and prepares the Council's annual statement of accounts;</li> <li>8. to provide information and financial returns to external bodies;</li> <li>9. to prepare the revenue budget and capital programme;</li> <li>10. treasury management and banking.</li> </ol>
<b>Corporate Directors</b>	<p>Each Corporate Director responsibilities are:</p> <ol style="list-style-type: none"> <li>1. to observe the Council's Financial Regulations, monitoring financial performance within their department and managing the</li> </ol>

## Roles, Responsibilities and Accountability

service within the available budget and to clearly understand the consequences of a lack of control;

2. to ensure that any expenditure incurred within their service is in accordance with both the purpose and objectives of the services being provided. Expenditure must not be incurred or charged to any budget where such expenditure bears no relation to the service being provided;
3. to establish standards of internal control and through their senior management team, ensure the proper identification and cost effective management of financial risk; to plan and maintain the effective use of resources to achieve agreed service delivery standards, take or recommend actions where necessary to stay within, or less than, the agreed budgets set by Council;
4. to achieve and demonstrate value for money for commissioned and provided services;
5. to ensure that a proper scheme of delegation has been established within their area and is operating effectively. The scheme of delegation should identify staff authorised to act on the Chief Officer's behalf, or on behalf of the Cabinet, in respect of payments, income collection and placing orders, together with the limits of their authority;

Each Corporate Director, or failing them, the Chief Finance Officer, shall report to the Cabinet immediately where they are not complying with these Rules.

6. the control and accountability of employees and the security, custody and control of all of the resources, including plant, buildings, materials, cash and stores, appertaining to his/her department.
7. to operate processes to check that established controls are in place and evaluate their effectiveness and ensure that Budget Holders have effective procedures for safeguarding the Council's resources;
8. to identify the short, medium and long term financial implications of policy, legislative requirements and service standards;
9. to establish clear accountabilities for all managers that include objectives of and responsibility for systems and information;
10. to ensure all their staff understand and comply with Finance Regulations and Rules, Contract Procedure Rules, Council policies and directorate departmental instructions; and

<b>Roles, Responsibilities and Accountability</b>	
	<p>11. to ensure that all employees understand and have access to a copy of the Council's Fraud and Corruption Policy and Strategy and associated guidance. Where fraud or corruption is suspected Chief Officers must immediately report this to the Group Manager (Internal Audit and Corporate Fraud team).</p> <p>Each Corporate Director shall consult the Chief Finance Officer on any matter which is liable to materially affect the finances of the Council before any form of commitment is incurred and before reporting the matter to the Cabinet.</p> <p>Each Corporate Director shall consider the financial effects of new policy and changes in service delivery, and ensure that all reports contain appropriate financial implications agreed with the Chief Finance Officer.</p>
<b>Divisional Directors (Heads of Service)/ Budget Holders</b>	<p>Each Divisional Director (Head of Service) and Budget Holder will:</p> <ol style="list-style-type: none"> <li>1. determine the appropriate level of control within their areas of responsibility in accordance with advice and guidance provided by the Chief Finance Officer, their Corporate Directors and the Council's auditors;</li> <li>2. monitor compliance within these regulations, policies and instructions;</li> <li>3. be accountable for planning and maintaining effective and efficient use of resources to achieve agreed service delivery standards within, or less than, the agreed budgets set by Council;</li> <li>4. clearly understand the consequences of a lack of control and compliance;</li> <li>5. ensure all their staff understand and comply with Finance Regulations and Rules, Contract Procedure Rules, Council policies and directorate departmental instructions; and have access to a copy of the Council's Fraud and Corruption Policy and Strategy and associated guidance;</li> <li>6. identify the short, medium and long term financial implications of policy, legislative requirements and service standards;</li> <li>7. achieve and demonstrate value for money for commissioned and provided services, plan service developments and take or recommend actions where necessary to stay within agreed budgets set by the Council;</li> <li>8. ensure all staff have effective procedures for safeguarding the Council's resources; and</li> </ol>

<b>Roles, Responsibilities and Accountability</b>	
	<p>9. operate processes to check that established controls are in place and evaluate their effectiveness.</p>
<b>All Employees</b>	<p>All employees have a responsibility to follow Finance Regulations and Rules, Contract Procedure Rules, Code of Conduct, Council policies and directorate instructions.</p> <p>Employees must ensure the Council resources are only used in carrying out the business of the Council and help the Council achieve open and honest administration by supporting approved fraud prevention strategies and avoiding potential conflicts of interest.</p> <p>Under no circumstances must employees use Council resources or assets for their personal benefit.</p> <p>Employees must not allow any personal debt owed to the Council to become unmanaged. Personal debt includes, but is not limited to, rent arrears, Council Tax arrears, arrears arising for leaseholder agreements with the Council, employee loan arrears or employee leasing arrangements. Where any such arrears have been accrued prior to employment with the Council and are still outstanding, employees should undertake to clear those arrears within an agreed and reasonable period of time.</p> <p>All employees have a responsibility to assist the Council's audit processes, to keep accurate and comprehensive records to support the transactions undertaken on the Council's behalf and to report to their Corporate Director any occasions where they believe that Finance Regulations and Rules, Contract Procedure Rules, Council Policies or Directorate instructions are not being followed, or where the resources are at risk.</p>
<b>Internal Audit and Risk Management Services</b>	<p>To provide advice to management on the operation of financial controls to prevent fraud, material errors and misappropriation of funds, to investigate any suspected irregularities and management of risk. These Services will conduct independent reviews of Directorate internal control arrangements and will report non-compliance with the Council's Finance Regulations and Rules, and Scheme of Delegation.</p>
<b>External Auditors</b>	<p>The external auditors will report on whether the Council's accounts and statements present a true and fair view of the Council's financial position.</p>

## Section 2: Financial Planning

Each year the Council is required to produce a Medium Term Financial Strategy (MTFS) to provide a framework for the Council to plan and manage the way resources are allocated and spent over the next three year period, to meet the Council's objectives and to secure value for money. It therefore supports and guides the Council's annual budget setting process, the corporate planning process including the external environment expected to be faced over the next three years, and facilitates effective service delivery.

The budgets reflect Council priorities and give authority to delegated budget holders to incur expenditure to meet service standards and targets.

In order to ensure a consistent approach across the Council, the Chief Finance Officer stipulates the detailed form and procedures relating to the development of the Medium Term Financial Strategy, revenue and capital budgets by the issue of standard formats (including timetables, information requirements and challenge processes).

Corporate Directors and Heads of Service shall prepare their reports to these standards. They will take into account the need to demonstrate the value for money, efficiency and effectiveness of current services and proposals for change, the policy choices available to the Council and service impact on national and local policy priorities including the implementation of statutory requirements, the risk and opportunities in implementing changes and the impact of proposals in the short, medium and long term.

The Chief Finance Officer shall present the Council's revenue and capital estimates (draft budget) to Cabinet for approval as part of the budget and Medium Term Financial Strategy process. The draft budget is to be submitted to and considered by Cabinet at its meeting in December, and then again with any amendments incorporated, at its meeting in February. The final draft budget is then to be approved and adopted by Assembly at its meeting in late February prior to the financial year.

### Key Timescales\*:

- |   |                   |
|---|-------------------|
| • Submission of savings proposals                   | August/ September |
| • Select Committee Scrutiny of Savings options      | October/ November |
| • Cabinet consideration of draft budget report      | February          |
| • Cabinet approval of Fees & Charges                | February          |
| • Cabinet approval of Budget and Council Tax Report | February          |
| • Assembly approval of Budget                       | February          |
| • Publication of Council Tax leaflet                | February          |
| • Circulation of Budget Book to Budget Managers     | March             |

\* These timescales were correct for the 2012/13 budget process and are indicative for all other years (and can be overridden by guidance from Corporate Finance).



## **2.1 Annual Revenue Budgets**

- 2.1.1 The general format of the budget will be approved by the Council and proposed by the Cabinet on the advice of the Chief Finance Officer. The draft budget should include indicative cash limits to different services and projects including proposed contingency funds.
- 2.1.2 All Chief Officers are responsible for submitting bids to Corporate Finance to meet the departmental savings target set by Cabinet on the advice of the Chief Finance Officer.
- 2.1.3 Estimates of revenue income and expenditure for the current year revised budget and the following year base/original budget shall be prepared by Chief Officers in consultation with the Chief Finance Officer in accordance with any financial plan(s) approved by the Assembly.
- 2.1.4 Budgets shall reflect Council priorities and give authority to Budget Holders to incur expenditure to meet service standards and targets.
- 2.1.5 The Chief Finance Officer shall collate the estimates and submit them for approval to the Cabinet for submission to the Assembly.
- 2.1.6 The Public Audit & Account Select Committee (PAASC) is responsible for reviewing and providing scrutiny on the draft budget ahead of it going to Cabinet.
- 2.1.7 Finally, on the advice of the Chief Finance Officer, the budget will be proposed by Cabinet and approved by the Assembly. The draft budget should include allocation to different services and projects, proposed taxation levels and contingency funds.

## **2.2 Capital Budgets**

- 2.2.1 The Chief Finance Officer shall undertake an annual review of the medium term capital programme and consequential revenue implications for inclusion in the Medium Term Financial Strategy. This review shall take into account the ongoing need for a scheme with particular focus on cost, benefits and risk assessments.
- 2.2.2 Guidance for the preparation of the Capital Programme including the need for a full project appraisal shall be issued by the Chief Finance Officer.
- 2.2.3 Proposals for new capital schemes for the following financial year and future three years shall be prepared by Chief Officers in consultation with the Chief Finance Officer in accordance with any financial plan's of the Council. The Programme will then be reported to the Cabinet for submission to the Assembly.
- 2.2.4 The Programme shall include all schemes which are within the definition of prescribed capital expenditure, and shall show:

- i. Existing schemes for the period of the programme;
- ii. New schemes to be started in the period of the Programme;
- iii. The estimated capital expenditure which will arise on each new scheme and the relevant form of funding; and
- iv. Slippage on schemes in progress but not expected to be completed in the current year.

2.2.5 Project appraisals for capital schemes (together with any supporting information) are to be submitted to the relevant Group Finance Manager, who will liaise with Corporate Finance. All proposed projects will be subject to assessment by the Options Appraisal Group prior for inclusion in the Programme. The appraisal process will consider options analysis, funding and costs of the project, associated revenue costs, legal, procurement implications and key risks. Once an initial appraisal has been carried out, a report can be presented to Cabinet approving the scheme. After Cabinet approval has been given, a detailed appraisal process must be undertaken; including a detailed risk register, health and safety assessment, procurement strategy and an Equalities Impact assessment prior to capital works commencing. Funding received for schemes without adequate project appraisal will be recorded and notified to Cabinet as part of the monthly resource monitoring report as *'Funding with projects being developed.'*

2.2.6 A delegated authority form is required before Contractors can be engaged and this form must be signed off by the Project Manager, the Project Sponsor, the relevant Corporate Director, Procurement and Corporate Finance. The delegated authority form details the reason for the project, the options considered, the Cabinet approval date, funding available, the contractor selected and the value of the contract awarded.

2.2.7 Capital expenditure shall only be incurred in accordance with the approved Capital Programme. The Chief Finance Officer shall be responsible for defining whether expenditure is classed as capital or revenue.

2.2.8 All capital receipts shall be pooled unless otherwise agreed by the Cabinet, for example, to contractual obligations or reduce any set aside of capital receipts or where legislation requires a different approach.

#### 2.2.9 Departmental Borrowing

Where there is insufficient external funding for a capital project, departmental borrowing can be used where the project is expected to generate sufficient savings to cover the costs of borrowing. The funding sources will be recorded on the capital programme once the project has been approved.

The cost of borrowing constitutes two elements; the Minimum Revenue Provision (MRP) and Interest. The costs will be calculated as follows:

- MRP will match the actual MRP charge using the approved basis in the Treasury Management Strategy (currently straight line basis over the life of the asset although this may be reviewed for 2014/15);

- The interest charge will also be the same each year and will be the total departmental borrowing multiplied by the interest rate;
- The interest rate will equal the Public Works Loan Board (PWLB) rate of an Equal Instalments of Principal (EIP) loan as at 1st April in the year after the asset become operational with a term equal to that of the asset's life.

Although the actual interest charged will be greater than a normal EIP loan the fact charges are not incurred until the asset becomes operational will in part offset this. Additionally the complexity of varying the interest charges would be impractical.

Arrangements for charging departments with the costs of departmental borrowing are set out below:

- Borrowing costs are charged the year after the asset becomes operational;
- Budgets to cover the borrowing costs will be transferred by departmental finance and copies provided to Corporate Finance once Corporate Finance have circulated the charges and central codes to use; and
- Budgets will have to be set based on estimated departmental borrowing as final financing figure will not be known until year-end. As such a further in year budget transfer maybe required to match actual outturn. This demonstrates a clear relationship between project cost and revenue implications.

#### 2.2.10 Minimum Revenue Provision

Local authorities are required each year to set aside some of their revenues as provision for debt in respect of capital expenditure financed by borrowing.

The Council currently uses the Equal Instalment Method to calculate its Minimum Revenue Provision (MRP) which is given by the following formula:

$$\frac{A - B}{C}$$

where:-

**A** is the amount of the capital expenditure in respect of the asset financed by borrowing or credit arrangements;

**B** is the total provision made before the current financial year in respect of that expenditure;

**C** is the inclusive number of financial years from the current year to that in which the estimated life of the asset expires.

### 2.3 Reserves and Provisions

2.3.1 The Chief Finance Officer is responsible for recommending to the Cabinet the adequate level of unallocated General Fund and HRA Reserves, the

Reserves Strategy and any limitations or conditions on the use of such unallocated reserves.

- 2.3.2 The Chief Finance Officer is responsible for recommending to the Cabinet the adequate level of specific provisions and earmarked reserves including the decision-making and authorisation processes for the use of those provisions and reserves.

### **Section 3: Financial Management**

A key component of good financial management is to ensure that the revenue, capital and balance sheet accounts are reviewed regularly throughout the year, not just at year end. The first building block for good financial management is strong stewardship.

Sound financial management and control is important to:

- ensure expenditure incurred within services is in accordance with both the purpose and objectives of the approved budgets, in line with Council priorities and to manage the delivery of services within the available budget;
- early detection of financial risks and implications that may impact on the financial strength and stability of the Council and to implement appropriate remedial actions; and
- facilitate the delivery of value for money services.

Budgetary control allows the Council to review and adjust its budget targets during the financial year, ensuring the accountability of budget holders against their allocated budgets. Identifying and justifying variances between budgets and year-end forecast and highlight changing trends and resource requirements, enabling efficient management of surpluses and deficits.

#### **Budget Monitoring**

Budget monitoring will be carried out and reported to the Cabinet on a monthly basis that taking into account the advice of the Chief Finance Officer will make any appropriate recommendations to steward the budget in a direction consistent with agreed spending objectives.

Corporate Directors, Divisional Directors (Heads of Services) and delegated budget holders are accountable for spending within budget, reporting any variations and implementing the action proposed to correct variances.

Divisional Directors (Heads of Services) and delegated budget holders must regularly monitor actual income and expenditure against all budgets they are responsible for and ensure that all budget targets are achieved. This includes:

- projection of likely future income and expenditure in order to identify any material potential over or under spends;

- take corrective action without delay and, if action beyond their authority is required, report to their Corporate Director immediately; and
- report any material variances from income and expenditure budgets to Corporate Finance, including any impact on future years so that appropriate actions can be taken to contain, reduce or eliminate projected over or under spend.

### **3.1 Revenue Budget Monitoring**

1. Corporate Directors, Divisional Directors (Heads of Services), and delegated budget holders are responsible for monitoring their budgets, and must take appropriate action to ensure they do not exceed their budget for any one financial year.
2. On a monthly basis, Corporate Directors will meet with the Chief Finance Officer with budget monitoring reports to be submitted to Cabinet, setting out the overall financial position of each service and the current projected year-end outturn together with corrective actions as necessary.
3. Where it appears that an approved revenue budget (defined as the individual CIPFA summary subjective analysis for each service, as shown in the annually approved budget book) will overspend by £50,000 or 5% of the Gross Budget (whichever is the smaller) the responsible Corporate Director will notify the Chief Finance Officer and relevant Portfolio Holder, report to Cabinet, and will immediately take steps to rectify the situation.
4. Where a Service / Department is forecasting an overall net overspend of £250,000, then this should culminate in an action plan to Cabinet, which sets out proposals for offsetting it, together with an assessment of the impact these corrective actions will have on service delivery and performance targets.
5. If an overspend in excess of £250,000 is forecast, then in addition that Corporate Director must notify the Chief Finance Officer and submit an action plan. Corporate Directors must also advise whether the problem relates solely to the current financial year or is a recurring pressure.
6. Where a particular Service has (or is projecting to have) an unspent balance, the relevant Corporate Director must apply to the Cabinet if they wish to earmark these savings for a planned purpose in the next financial year. The Cabinet may agree the use of any under spending, subject to the advice of the Chief Finance Officer as to the overall financial position of the Council.

### **3.2 Revenue Budget Virement/ Adjustment**

Budgets may be transferred within the year using a budget virement or budget adjustment. In both cases, advice must be sought from Corporate Finance before the transfer is agreed.

#### **3.2.1 Revenue Budget Virement**

A budget virement is a transfer of a budget from the purposes for which Council originally agreed in setting the budget and Council Tax to another purpose.

Following approval of the annual budget, Chief Officers may approve virements in accordance with the delegations and limits set out below.

	<b>Revenue Budget Virement</b>	<b>Officer with Delegated Authority</b>
1.	<p><b>Within own Directorate:</b></p> <p>Up to £100,000</p> <p>Up to £200,000</p>	<p>Divisional Directors (Head of Service) with budget responsibility in consultation with the Corporate Director and Group Finance Manager.</p> <p>Corporate Director in consultation with the Chief Finance Officer.</p>
2.	<p><b>Cross Directorate</b></p> <p>Up to £200,000</p>	<p>Relevant Corporate Directors in consultation with the Chief Finance Officer.</p>
3.	<p><b>Reserves</b></p>	<p>None.</p> <p>All virements to and from Reserves must be approved by Cabinet</p>

Virements for greater amounts and all supplementary estimates must be approved by the Cabinet. Virements must not be fragmented to circumvent these rules.

Each virement request must indicate whether the virement is permanent (i.e. affect current and future years' budgets) or one-off for the current financial year only.

The virement must be recorded in the Council's financial system.

Virement is permitted from the revenue budget to the capital budget but not from the capital budget to the revenue budget.

All virements to and from Reserves must be approved by Cabinet

### **3.3 Carry Forward of Revenue Budgets from One Year to the Next**

With the prior written approval of the Chief Finance Officer, Corporate Directors may request for underspends on revenue expenditure of £50,000 per Divisional Director (Head of Service) to be carried from one financial year to another. Any carry-forward exceeding £50,000 per Divisional Director

(Head of Service) in the aggregate requires the approval of the Cabinet, which may also require any overspend to be carried forward.

Only underspends arising from delayed spending of funding received for specific purposes may be carried forward if such underspend was as a result of factors beyond management control or where the Council will suffer a financial loss.

Carry forward may not be allowed if the Directorate's total budget or the total budget of the Council is overspent at year-end. The first call on any underspend is to rectify the overall financial position.

### **3.4 Capital Monitoring**

1. Before expenditure can commence on any individual scheme within the Capital Programme, the approval of the Cabinet and the Options Appraisal Panel will be required.
2. If an approved capital scheme is forecast to overspend then the relevant Corporate Director must notify the Chief Finance Officer, and also present options for offsetting the overspend.
3. The de minimis level for capitalisation of assets is set at:
  - £6,000 for vehicles;
  - £20,000 for all other expenditure, including schools.

Related assets may be grouped together to exceed the de minimis level where individually they would not. Examples include expenditure on an IT project or bulk buying of wheeled bins.

### **3.5 Capital Budget Virements**

Capital Virements: Transfers of any amount between schemes over £100,000 (aggregated) must be approved by Cabinet. Transfers between schemes up to £100,000 can be made by Divisional Directors (Head of Service) with budget responsibility, in consultation with the Corporate Director and Chief Finance Officer. If transfers to/from any particular scheme are £100,000 or above, approval is needed by Cabinet.

Capital re-profiles: Subject to there being no additional funding requirement and no revenue or capital cost implication arising from such a re-profiling then delegated authority is given to Corporate Directors in consultation with the Chief Finance Officer to re-profile the capital budget of a scheme up to a value of £500,000. A series of smaller re-profiles must not be carried out in order to circumvent the total.

In order to ensure there is focus on delivery of projects on time and to budget, changes to the capital programme for virements and re-profiles will usually be made at one of three occasions during the financial year:

- February - as part of the MTFS process;
- May – as part of the Final Outturn report; and

- November – as part of the Month 6 Budget Monitoring report. Changes may occur at other occasions if events occur outside the control of officers e.g. late confirmation and release of funds by a school extending an existing scheme. Such changes will be exceptional and not a matter of course.

### **3.6 Use of Contingency**

The contingency as set in each year's budget may be called upon by Corporate Directors in consultation with the Chief Finance Officer, for individual items of expenditure of up to £100,000, in excess of which will require Cabinet approval.

### **3.7 Financial Advice**

3.7.1 The advice of the Chief Finance Officer must be sought regarding any matter which could materially affect the finances or financial systems of the Council before any commitment is made.

3.7.2 Corporate Directors shall ensure the early and continuous involvement of the Finance and Legal functions in proposals leading to reports to Members and in particular large, complex or sensitive proposals. The Chief Finance Officer and the Monitoring Officer must be consulted on any reports to Members in accordance with the Council's established report clearance procedures. The Chief Finance Officer and/ or the Monitoring Officer has the right to withdraw any report where notice has not been given or the full financial and/or legal implications cannot be provided in the timescale available.

## **Section 4: Closure of Accounts**

The Chief Finance Officer is responsible for making arrangements for closing the accounts and producing the annual Statement of Accounts, including all matters relating to their audit and public inspection.

Each Corporate Director is responsible for ensuring that they and their staff adhere to the instructions and timetable requirements set out by Corporate Finance to enable the closure of accounts.

Each Corporate Director / delegated budget holder shall, as soon as possible after the 31 March in each year, notify the Chief Finance Officer of all outstanding expenditure (creditors), income (debtors), payments in advance (PIA), and receipts in advance (RIA) relating to the previous financial year.

Each Chief Officer / delegated budget holder must provide on time any information and evidence (working papers) the Chief Finance Officer requires to produce the Statement of Accounts; complete claims for external funding; and to produce records to meet external audit requirements.



The Statement of Accounts will be prepared in accordance with the CIPFA Code of Accounting Practice, which includes the timescales for its production, and the requirement to produce an Annual Governance Statement (AGS).

The Annual Audit Letter presents the audit opinion of the accounts, as well as comments and recommendations on the Council's financial standing, the legality of financial transactions and internal control. This will be reported to the Public Audit & Account Select Committee (PAASC) each year, with an appropriate management action plan.

#### Key Timescales\*

- |   |                  |
|---|------------------|
| ○ Outturn report to Cabinet – provisional                                 | mid/late May     |
| ○ Outturn report to Cabinet – final                                       | mid/late June    |
| ○ Statement of accounts issued to PAASC                                   | end of June      |
| ○ Deadline for approval of accounts                                       | end of June      |
| ○ PASSC acting as the Council's Audit Committee<br>approve final accounts | mid September    |
| ○ Accounts signed by external auditors                                    | end of September |
| ○ Accounts issued for publication   | end of September |

\* These timescales are correct for the 2013/14 closure of accounts and are indicative for all other years (and can be overridden by guidance from Corporate Finance).

## Section 5: Risk Management & Control of Resources

### 5.1 Internal Control

Internal control refers to the aspects of systems and processes devised by management to help ensure the Council's objectives are achieved in a manner that promotes economical, efficient and effective use of resources, and safeguards the Authority's assets and interests by the prevention and/or detection of error and fraud.

The Chief Finance Officer should ensure that the financial management of the authority is adequate and effective; and that there is a sound system of internal control. The internal controls need to facilitate the effective exercise of the Council's actions and include the arrangements for managing risk.

Each Corporate Director is ultimately responsible for the internal controls and risk management arrangements within their service. Internal Audit support this through delivery of its Annual Audit Plan, designed to give independent assurance on the internal control and risk management arrangements of the Council.

### 5.2 Internal Audit

5.2.1 Under the Accounts and Audit Regulations 2011 the Council has a statutory obligation to undertake an adequate and effective internal audit of its accounting records and of its system of internal control. The Group Manager

(Internal Audit and Corporate Fraud team) has the delegated authority for providing and maintaining this service.

5.2.2 An annual review will be conducted into the effectiveness of Internal Audit which will be considered by the Public Accounts and Audit Select Committee (PAASC). Such a review will form part of their annual review of the effectiveness of the overall system of internal control and reported in the Annual Governance Statement.

5.2.3 The Group Manager (Internal Audit and Corporate Fraud team), and their nominated officers, shall have authority to:

1. enter at all reasonable times into Council operational premises or onto Council land, (this can also that of the Council's supplies and contractors where permitted by the contract agreement);
2. have access to all records, documents and correspondence relating to any financial or other transactions of the Council;
3. require such explanations as are necessary concerning any matter under examination; and
4. require any employee of the Council to produce cash, stores or any other Council property under his control.

### **5.3 Fraud, Corruption, and Theft**

5.3.1 Under Section 151 of the Local Government Act 1972 the Council has a statutory obligation to ensure the protection of public funds. Accordingly, the Council maintains an effective system of prevention and detection of fraud, corruption, and theft and associated policies.

5.3.2 The primary responsibility for the prevention, detection, and deterrence of fraud, bribery or money laundering activity lies with each Corporate Director. However, all Council employees have a duty to act to prevent and report occurrences of fraud and theft. This is supported by the Corporate Anti-Fraud Team through its proactive, preventative and reactive work.

5.3.3 Managers should immediately inform the Group Manager (Internal Audit and Corporate Fraud team) in any case where fraud/irregularity is suspected, who shall in turn recommend what appropriate investigations are required to the Chief Finance Officer.

### **5.4 Risk Management**

5.4.1 The Cabinet is responsible for approving the Authority's risk management policy statement and strategy and for reviewing the effectiveness of risk management. Cabinet is also ultimately responsible for ensuring that proper insurance exists where appropriate.

5.4.2 The Chief Finance Officer is responsible for the Authority's risk management policy statement and for promoting it throughout the Council.

- 5.4.3 Corporate Directors are responsible for maintaining risk registers in accordance with the Risk Management policy and framework, issued by the Council's Risk Manager. Chief Officers will regularly review the risks and advise the Council's Risk Manager appropriately of any material changes as they arise.
- 5.4.4 All managers are responsible for managing risk, including taking action to mitigate the occurrence of the risk, and for maintaining contingencies (including a business continuity plan) should the risk actually materialise. Managers will need to take into account the matrix rating of the risk and the costs of any mitigating action.
- 5.4.5 Risk Management and effective Corporate Governance require the management of all types of risk, financial and non-financial.
- 5.4.6 All risks should be identified on a 'likelihood / impact' matrix, where each is assessed in terms of having a low, medium or high likelihood and severity, by quantifying the financial impact where possible.
- 5.4.7 The Council has a whistleblower scheme, which all staff should be made aware of by their Manager /Corporate Director and actively encouraged to use when appropriate.

## **5.5 Insurances**

- 5.5.1 The Chief Finance Officer shall effect and periodically review all insurance cover in consultation with other Corporate Directors who shall provide such information as may be required.
- 5.5.2 Corporate Directors shall promptly notify the Chief Finance Officer of all new risks and any alterations, terminations, loss or liabilities that affect existing insurances.
- 5.5.3 Corporate Directors should also inform the Group Manager (Risk and Insurance) of any losses as soon as possible.
- 5.5.4 Corporate Directors shall consult the Chief Finance Officer in respect of the terms of any indemnity which the Council is required to obtain or provide.

## **5.6 Security**

- 5.6.1 Each Corporate Director is responsible for maintaining security at all times for all Council property, stocks, stores etc. under his/her control. He/she shall consult Group Manager (Internal Audit and Corporate Fraud team) in any case where security is thought to be defective or where special arrangements may be needed.
- 5.6.2 Maximum limits for cash holding shall be agreed with Group Manager (Internal Audit and Corporate Fraud team) and shall not be exceeded without express permission.
- 5.6.3 Keys to safes and other similar receptacles must be kept in a secure place or carried by a responsible person at all times. Any loss of keys must be

reported to the Group Manager (Internal Audit and Corporate Fraud team) as soon as possible.

- 5.6.4 Each Corporate Director will be responsible for the privacy and security of all information held or accessed by computer equipment within his/her department in accordance with Data Protection and Information Governance best practice. The Chief Finance officer is the Council's Senior Information Risk Officer (SIRO) for the organisation, and will ensure compliance with the Information Governance Statement of Compliance (IGSOCC).

## **5.7 Banking and Cash**

- 5.7.1 Bank accounts may only be opened with the prior approval of the Chief Finance Officer. If this prior approval is not given, the Council's Bankers will report the matter to the Council and disciplinary action is probable.
- 5.7.2 Bank accounts may only be overdrawn with the prior approval of the Chief Finance Officer. Approval will be on an exceptional basis only. If this prior approval is not given, the Council's Bankers will report the matter to the Council and disciplinary action is probable.
- 5.7.3 The Chief Finance Officer must approve all banking and card acquiring arrangements across the Council.

## **5.8 Imprest Accounts and Petty Cash**

- 5.8.1 In conjunction with corporate policy, the use of Purchasing Cards (P-cards) is to be used across the Council where possible in order to minimise the use of cash. The Oracle based i-expenses system is also to be used wherever possible by staff for the reimbursement of personal expenses incurred whilst undertaking Council business.
- 5.8.2 The Chief Finance Officer shall provide such Imprest Accounts as he/she considers appropriate. These are to be used on the few occasions when P-cards and i-Expenses are not possible.
- 5.8.3 There should be regular reimbursement of the petty cash up to an Imprest level, and the holder must ensure there is adequate physical security of the cash.
- 5.8.4 No income received on behalf of the Council may be paid into an Imprest Account but must be banked or paid into the Authority promptly, in accordance with these Rules.
- 5.8.5 Payments shall be limited to minor items of expenditure and such other specific payments as the Chief Finance Officer may approve and shall be supported by a receipt. This excludes the payment of salaries and wages. No individual item purchased on petty cash shall exceed £50 in value and the total of any petty cash transaction shall not exceed £100 without the Divisional Director (Head of Service) prior approval to individual payments or to specific areas of payment.

- 5.8.6 An employee responsible for an Imprest Account shall provide the Chief Finance Officer a certificate to the state of the account, annually and also when required otherwise.
- 5.8.7 On leaving the employment of the Council, or otherwise ceasing to be entitled to hold an Imprest Account, an employee shall account to the Chief Finance Officer for the amount advanced to him/her. No imprest account can be overdrawn.

## **5.9 BACS and Cheques**

- 5.9.1 The Council's usual payment method is by BACS, and cheques should only be raised in exceptional circumstances, where there are documented reasons as to why BACS is not possible.
- 5.9.2 All cheques shall be ordered by the Chief Finance Officer, who shall make proper arrangements for their safe custody.
- 5.9.3 Cheques above financial limits set by the Chief Finance Officer shall be manually countersigned by delegated officers authorised to do so by the Chief Finance Officer. The current limits are £5,000.

## **5.10 Electronic Payments – CHAPS and Direct Debit**

- 5.10.1 Where payments are to be transmitted electronically, the Chief Finance Officer shall approve the necessary arrangements made to safeguard the Council against losses. Requests for electronic transfers through the banking system must be made to the Corporate Finance (Treasury Management Team) in writing by an authorised signatory.
- 5.10.2 The Treasury Management team must be given advance warning when such transfers are required. As a general guide, five days notice is required for all non routine payments in excess of £50,000.
- 5.10.3 Payment by Direct Debit will only be made with the prior approval of the Chief Finance Officer, and must include any necessary action to safeguard against loss of VAT recovery.

## **5.11 Investments, Borrowing and Trust Funds**

- 5.11.1 All investments and borrowings of money shall be under the control of the Chief Finance Officer and shall be made by him/her under arrangements approved by them in the name of the Council. These arrangements are detailed in the Council's Treasury Management Strategy Statement and its appendices.
- 5.11.2 All securities, the property of which are in the name of the Council or its nominees and the title deeds of all property and its ownership shall be held in the custody of the Council's Legal Service (or the Council's bankers, Custodian, Nominees or stockbrokers as appropriate).

5.11.3 The Council's custodian, with the approval of the Chief Finance Officer, shall be the Council's registrar of bonds, and shall transact and maintain records of all bond investments by the Council.

5.11.4 All trust funds shall wherever possible be in the name of the Council.

5.11.5 All employees acting as trustees by virtue of their official positions shall deposit all securities etc. relating to the trust with the Chief Finance Officer. unless the deed otherwise provides.

## **5.12 Stocks, Stores and Inventories**

5.12.1 Each Corporate Director is responsible for keeping all accounts of stocks and stores within their Service.

5.12.2 Each Corporate Director shall arrange for the storekeeper to keep the necessary records, after consultation with the Chief Finance Officer.

5.12.3 Each Corporate Director shall arrange for a system of continuous stocktaking to ensure that all items are checked at least once every year.

5.12.4 Any discrepancy or surplus, obsolete or unusable stock at any depot or stores where the total variation or expected loss does not exceed £500 or 1% of the total value of stock held at that depot, whichever is the greater, shall be dealt with by the Corporate Director in consultation with the Chief Finance Officer. Where any variation or expected loss exceeds this amount a report must be submitted to the Cabinet.

5.12.5 Inventories shall be maintained by all departments in a form and with such details determined by the Corporate Director, and with the concurrence of the Chief Finance Officer.

5.12.6 Each Corporate Director shall be responsible for maintaining an annual check of all inventory items, and for taking appropriate action with regard to surpluses or deficiencies after consultation with the Chief Finance Officer.

5.12.7 Council property shall not be used for anything other than Council business without the prior approval of the responsible Corporate Director.

## **5.13 Leases**

5.13.1 Each Corporate Director is responsible for the leases within their Service.

5.13.2 Leases need to be accounted for correctly in compliance with International Financial Reporting Standards (IFRS).

5.13.3 Where there has been an acquisition of a new lease or a change in an existing one, Corporate Directors should liaise with the Corporate Finance in order to agree the appropriate action and treatment of the lease.

## **5.14 Write Off, Disposal of Assets and Debts**

5.14.1 Write offs: If assets have been lost, stolen or damaged and the loss is not recoverable from insurance or other sources, they may be written off by the

Corporate Directors in conjunction with the Chief Finance Officer. Any write-off or disposal made without approval will be liable to disciplinary action.

- 5.14.2 Corporate Directors may write off other non repeating sums to the value of £2,000. Sums above this limit may be written off in agreement with the Chief Finance Officer.
- 5.14.3 Debts in relation to Revenues and Benefits may be written off in accordance with the debt write off strategy as agreed from time to time by the Cabinet. The most recent approval for this strategy was October 2011.
- 5.14.4 Write offs in excess of £2,000 will be reported to the Cabinet on a quarterly basis, with a detailed description for the ten largest amounts in the quarter. These details will be in the public domain.
- 5.14.5 Disposals: Any asset of the Council deemed obsolete or surplus to requirements shall, where the residual value does not exceed £5,000, be disposed of by the Chief Officer in consultation with the Group Manager (Internal Audit and Corporate Fraud team). Where the residual value exceeds £5,000 a report shall be submitted to the Cabinet stating the reason for disposal and the recommended method of disposal. The Capital Finance team are also to be informed of the disposal, as it may affect the Fixed Asset Register.
- 5.14.6 Any proposals to sell or lease land/property, etc. at less than market value must follow the procedure as laid down in the "Land Acquisitions and Disposal Rules", which requires full consultation and agreement on the financial implications as approved by the Chief Finance Officer.
- 5.14.7 All land sales will be approved by the Cabinet and should adhere to the 'Land Acquisition and Disposal Rules' within Part D of the Council's Constitution.

## **Section 6: Treasury Management Framework**

- 6.1 The Council adopts and adheres to the Key recommendations of the Revised CIPFA Treasury Management Code of Practice 2009, Cross-Sectoral Guidance Notes 2009 and Revised CIPFA Prudential Code
- 6.2 The Treasury Management Policy Statement (TMPS) shall be reviewed and maintained annually by the Assembly. This statement shall set out the policies and objectives of the Council's treasury management activities.
- 6.3 The Group Manager – Treasury and Pensions shall create and maintain suitable Treasury Management Practices (TMPs), which shall set out the manner in which the Council will seek to achieve the policies and objectives set by the Assembly.
- 6.4 The Chief Finance Officer shall report to the Assembly annually and at regular intervals on all treasury management policies, practices and activities including an annual strategy at the start of the year and annual report at year end.

- 6.5 The Chief Finance Officer will set Prudential Indicators for the forthcoming and following two financial years. The Chief Finance Officer will provide regular reports to the Cabinet and Assembly and report any breaches or amendments of the Code.
- 6.6 Prudential Indicators are reported annually via the TMSS before the start of the financial year.
- 6.7 There are a number of treasury indicators which previously formed part of the prudential code, but which are now more appropriately linked to the Revised Treasury Management Code and guidance. Local authorities are still required to “have regard” to these treasury indicators.
- 6.8 The key treasury indicators which are still part of the Prudential Code are:
- Authorised limit for external debt
  - Operational boundary for external debt
  - Actual external debt
  - External Debt
- 6.9 In the medium term local authorities only have the power to borrow for capital purposes.
- 6.10 The authorised limit – This sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) and is the statutory limit determined under Section 3 (1) of the Local Government Act 2003 (referred to in the legislation as Affordable Limit). This limit needs to be set or revised by Members.
- 6.11 The operational limit – This links directly to the Council’s estimates of the Capital Financing Reserve (CFR) and estimates of other cash flow requirements. This indicator is based on the same estimates as the authorised limits reflecting the most likely prudent but not worst case scenario but without the additional headroom included within the authorised limit for future known capital needs now. It should act as a monitor indicator to ensure the authorised limit is not breached.
- 6.12 The Chief Finance Officer shall ensure that all legislative amendments and changes in treasury or capital limits are approved by the Assembly.
- 6.13 The Chief Finance Officer will be responsible for adopting the changes outlined and compliance with any practices or limits.

## **Section 7: Financial Administration, Systems and Procedures**

This section outlines the standards of financial administration, systems and procedures that must be followed to ensure that all employees have a clear understanding of their responsibilities in regards to:

1. Being clear on who is authorised to approve financial transactions;



2. Ensuring staff appointments are made in accordance with employment law, that salaries and wages are properly authorised, that the proper deductions are made (statutory and non-statutory) and all payments are properly recorded and correctly charged;
3. Ordering and paying for goods and services according to the Council's Contract Procedure Rules, securing value for money, paying only for what the Council receives and dealing with VAT properly;
4. Ensure the Council pays and accounts for tax correctly;
5. Ensuring all sources of income to the Council are identified, claimed and collected; and
6. Ensuring that a live and complete record of all Council transactions is maintained.

## **7.1 Approval Limits**

- 7.1.1 The approval of contracts/ contractors should be carried out in accordance with the Council's Contract Rules, which form part of this constitution. This entails amongst other things that proposed contracts greater than £500,000 must be reported to Cabinet before any procurement process begins. Furthermore, the procurement of lower value contracts are subject to a series of procedures and controls as set out in the Contract Rules and the actual award of contracts is subject to approval being granted by one or more Corporate Directors depending upon contract value.
- 7.1.2 The approval of all payments, (including purchase orders, invoice authorisations, termination payments) should be carried out within each service in accordance with the Council's internal financial scheme of delegation.

## **7.2 Human Resources and Payroll – Payments to Employees and Members**

- 7.2.1 The Chief Finance Officer is responsible for the payment of all salaries, wages and pensions, compensation and other emoluments due to current or former employees of the Council, and to Members. Each Corporate Director shall notify the Divisional Director of Human Resources and Organisational Development as soon as possible, of all matters affecting the payment of such emoluments i.e. appointments, resignations, absences from duty etc.
- 7.2.2 The names of employees authorised to sign any documents affecting pay shall be sent to the Chief Finance Officer and/or partners (i.e. Elevate), as required, by each Corporate Director together with specimen signatures and shall be amended on the occasion of any change. The Corporate Director must sign this notification.
- 7.2.3 Payments should be paid directly into employees / Members bank account on the specified pay date, and should only be paid to the person concerned, unless otherwise authorised.

7.2.4 All payments made shall be in accordance with established pay grades and rates of pay.

### **7.3 Ordering and Paying for Goods and Services**

7.3.1 All staff and managers are required to ensure that the most appropriate method of payment is used for each item of expenditure (excluding employee's salary payments) as follows:

1. i-Expenses – used to reimburse staff for expenses incurred in the course of their work for example travelling and subsistence, eye tests, glasses (towards the cost of single vision / bi-focal lenses) and medical certificates.

The usage of the automated i-expenses system will have authorisation levels decreed by the Organisational hierarchy up to a maximum claim value of £250. Where claims are made in excess of this value, they will not be automatically paid once approved by an appropriate officer, but will be subject to further investigation by the Accounts Payable Manager or designated representative, prior to the release of payment.

The Chief Executive and Corporate Directors will self approve their expenses, and provide a monthly report to the Chief Finance Officer.

2. Purchase Card – used to pay for low value, high volume goods or services such as advanced booking of accommodation and travel expenses, books and periodicals.
3. Purchase Order – all other expenditure that cannot be purchased using i-expenses and purchase card.  
There may be occasions, in cases of emergency, when verbal orders are placed, but these must be the exception rather than the rule and always confirmed by the issue of an authorised official order. Any verbal orders must be retrospectively raised on Oracle iProcurement as a confirmation order to comply with the Councils “no PO no pay” policy.

Under no circumstances may individual employees use the Council's ordering or payment systems for personal use or benefit.

Failure to comply with these rules constitutes gross misconduct and may be followed by disciplinary action as appropriate.

7.3.2 Payments must be in accordance with the Contract Procedure Rules and the Financial Scheme of Delegation set out within the constitution, in respect of financial limits and Cabinet approval, tendering for contracts, contract extensions and variation orders, and the use of approved supplier lists.

7.3.3 Corporate Directors or Divisional Directors (Heads of Service) must designate specific employees who are authorised to place and approve orders on their behalf, and must operate procedures which secure value for money in accordance with Contract Procedure Rules. The procedures must also be properly recorded, communicated to staff, and regularly monitored.

7.3.4 The Council operates an automated purchase to pay process and a requisition must be raised using Oracle i-procurement in order for a purchase order to be generated. The requisition raised is sent to an Approver with authorisation rights determined by the requisition amount and the project being charged.

The approvers for capital (programme) purchases are defined and agreed as part of the Capital Programme approval process. Before spending can commence on capital programmes, the delegated authority form, which approves the award of the contract to a named Contractor, must be completed and signed off by the appropriate Corporate Director, the Procurement Manager and Chief Finance Officer. Only then should a purchase requisition be raised on Oracle i-Procurement.

Currently, i-Procurement requisition authorisation levels are set as follows:

Band	Positions	Limits
<b>Revenue Expenditure</b>		
A	Any	£200
B	Team Leader	£10,000
C	Group Manager	£50,000
D	Nominated Manager (Commissioning)	£100,000
E	Divisional Director (Head of Service)	£500,000
F	Chief Executive/ Corporate Director/ Chief Finance Officer	Unlimited
<b>Capital Programme</b>		
A	Project Manager	Up to - £50,000
B	Programme Manager (Group Manager/Divisional Director)	£5,000,000
C	Project Sponsor (Corporate Director/ Chief Finance Officer)	Above £5,000,000

There may be occasions where these authorisation levels may not be practical, but as these must be the exception rather than the rule, the Corporate Director will be required to submit a business case for approval by the Chief Finance Officer.

It is noted that:

- There must always be full compliance with the relevant Contract Rules requirements. In particular, a report must be produced on Procurement Strategy for any contract above £50,000; and
- This must be considered by the Procurement Board if it is over £100,000.
- Any Procurement over £500,000 requires Cabinet approval.
- Expenditure funded by the Public Health Grant and Social Care budgets can be approved by either Cabinet or the Health and Wellbeing Board. Chief Officers shall determine which is the more appropriate body to make the decision for the particular procurement.
- Chief Officers may, subject to Rules, 5.1.4 and 6.6.6 of the Contract Rules, exempt Personalised Contracts from the full tendering requirements of the Contract Rules. Officers must however ensure that the requirements of Part B are adhered to. Please refer to Contract Rules 5.1 and 6.6 for further details.

All Capital Projects require review and approval by the Options Appraisal Group. This Group will be chaired by the Chief Finance Officer or his nominee. Also, before spending can commence on capital programmes, the delegated authority form, which approves the award of the contract to a named Contractor, must be completed and signed off by the appropriate Corporate Director, the Procurement Manager and Chief Finance Officer. Only then can a purchase requisition be raised on i-procurement.

Any changes in authorised personnel must be notified immediately to Corporate Finance and Elevate.

7.3.5 In order to protect individual employees and also minimise the risk of losses through misappropriation or fraud, duties must be arranged to avoid the same member of staff having authority to place orders, receive and pay for goods without the involvement of others. Where limited staff resources make this difficult to achieve, the advice of Internal Audit must be sought regarding compensating controls.

7.3.6 When receiving goods or services, checks must immediately be made by the requisitioner/buyer to ensure that:

1. The goods or services are in accordance with the order placed;
2. Any faults or deficiencies are reported to the supplier and remedial action taken;
3. Where necessary, inventories or stock records have been updated;
4. Goods delivered are placed in the safe custody of their authorised recipient; and
5. Goods and services are 'receipted' on Oracle iProcurement.

- 7.3.7 Payment must only be made on the satisfactory completion of the order placed. Any proposal to pay in advance of receiving the goods or services must, therefore, be first authorised by the Chief Finance Officer.
- 7.3.8 Corporate Directors will ensure to the satisfaction of the Chief Finance Officer that procedures and documentation are in place:
1. To verify that expenditure has been properly incurred, and accurate and timely payments are being made (i.e. within 30 days of the invoice being received by the Authority). Where supplier deadlines for payments are specified and they are shorter than 30 days, and especially where early payment discounts are offered, then these timescales should be met where possible;
  2. To verify that the goods, services, or works in question have been received or carried out, and are to the quality expected. Goods and services must be ordered through Oracle iProcurement and 'goods receipted' upon delivery;
  3. To ensure there is adequate provision in the Budget;
  4. To avoid duplicate payments; and
  5. Incorrect invoices will not be amended but returned to the supplier.
- 7.3.9 Where items of expenditure cannot be commissioned through the raising of an Oracle iProcurement purchase order, the creditor invoices or requisitions must be certified for payment by the responsible budget officer or designated representative. The names of such authorised employees and specimen signatures shall be authorised by the respective Divisional Director (Head of Service) and passed to the Chief Finance Officer.
- 7.3.10 The Chief Finance Officer may require, where necessary, evidence that appropriate checks have been undertaken before payment.
- 7.3.11 Construction Industry Scheme (CIS): When ordering services such as painting, decorating, plumbing or any other general building works deemed to be within the scope of the scheme, Budget Managers must observe the regulations stipulated by Her Majesty's Revenue and Customs (HMRC). The scheme requires that the Council acts as agent to the HMRC, deducting Income Tax where appropriate. Any enquiries should be referred to the Accounts Payable Manager who will liaise with the HMRC as necessary.

## **7.4 Taxation and VAT**

- 7.4.1 The Chief Finance Officer is responsible for maintaining the Authority's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate. He / she is also responsible for advising Chief Officers, on all taxation issues that affect the Authority.
- 7.4.2 The Payment Team must ensure that VAT is checked when paying invoices to ensure that:

1. Transactions where no VAT is paid are correctly identified as Zero Rated, Exempt or Outside the Scope; and
  2. There is a valid tax invoice and the VAT is correctly calculated.
- 7.4.3 Delegated budget holders must ensure that tax is correctly charged on income due to the Council.
- 7.4.4 Corporate Finance Service is to provide a corporate resource that will advise on VAT implications across the Council. Where more technical advice is required departments will be required to fund the cost of that advice.

## **7.5 Income Accounts and Debtors**

- 7.5.1 Corporate Directors must ensure that accounts are rendered promptly for the recovery of all income due. Elevate East London (EEL) will raise all accounts as requested by Corporate Directors, who will provide details of goods supplied or services / works rendered.
- 7.5.2 All money received by an employee on behalf of the Council shall be paid to the Chief Finance Officer, or as he/she may direct, to the Council's bank account. All cash received on behalf of the Council shall be receipted. No deduction may be made from such money without the Chief Finance Officer's authority.
- 7.5.3 Each employee who banks money shall enter on the paying-in slip the name of his/her department, office or establishment and, where payment is made by cheque, a reference to the related debt (such as the receipt number or the name of the debtor) or otherwise to indicate the origin of the debt, on the reverse of each cheque.
- 7.5.4 Every transfer of the Council's money from one employee to another will be evidenced in the records of the department concerned by the signature of the receiving employee.

## **7.6 Accounting Systems and Processes**

- 7.6.1 The Chief Finance Officer is responsible for the operation of the authority's accounting systems, the form of accounts and the supporting financial records.
- 7.6.2 Chief Officers are responsible for the proper operation of financial processes in their own departments.
- 7.6.3 Any changes made by Chief Officers to the existing financial systems, proposals to introduce new processes or the establishment of new systems (including IT systems) must be agreed in advance by the Chief Finance Officer. Internal Audit must be informed of and involved as appropriate in all changes to systems of internal control before they happen in order that advice can be provided.
- 7.6.4 Corporate Directors must ensure that, where appropriate, computer and other systems are registered in accordance with data protection legislation. Each

must also ensure that their staff are aware of their responsibilities under Freedom of Information legislation.

- 7.6.4 Delegated budget holders in conjunction with the Directorate Finance Managers must ensure that all financial transactions are accounted for in a timely manner in the accounting system using an appropriate code, which properly records the nature of the income or expenditure. All accounting transactions and financial statements produced must conform to the latest legislation and best accounting practices.
- 7.6.5 Delegated budget holders must ensure that all income and expenditure is accounted for separately and not set off, one against the other. Capital expenditure must be accounted for separately from revenue expenditure.
- 7.6.6 Delegated budget holders must only use their own designated accounting codes unless written authority has been given by another delegated budget holder or Chief Finance Officer.
- 7.6.7 The Chief Finance Officer, in conjunction with the delegated budget holders will maintain a definitive list of accounting codes to be used by all departments, which must be reviewed and updated regularly.
- 7.6.8 It is the responsibility of the relevant Group Finance Manager to ensure that Control and Suspense accounts are reconciled monthly. A monthly reconciliation must be done for all bank accounts, to prove the correctness of the bank balance and to confirm that all transactions have been processed into the Council's accounts.
- 7.6.9 Journal transfers approved by Group Finance Managers must be used to make accounting adjustments and must show the full details of the transaction and reference to source documents.

## **7.7 Records and Procedures**

- 7.7.1 Corporate Directors shall keep such records and adopt such procedures as, in the opinion of the Chief Finance Officer, are necessary to record correctly all financial operations of his/her department and to ensure accuracy and proper recovery of all sums due to the Council.
- 7.7.2 An effective system should be established for the examination and checking of accounts and cash transactions so that, as far as practicable:-
1. The provision of such examination and checking of accounts and cash transactions shall be separated from the duties of collecting and disbursing monies;
  2. Officers examining and checking accounts and cash transactions shall not themselves be involved in any of these transactions;
  3. Where the principles set out above are not practicable the appropriate Corporate Director and the Chief Finance Officer shall be advised;

4. All arrangements with the Council Bankers, including the opening of new bank accounts, shall be determined by the Chief Finance Officer; and.
5. All bank accounts will be fully reconciled as at 31 March each year.

## **7.8 Trading Accounts**

The Chief Finance Officer is responsible for advising on the establishment and operation of trading accounts and business units.

## **Section 8: External Arrangements**

### **8.1 Joint Venture**

- 8.1.1 Cabinet is responsible for approving delegations, including frameworks for partnerships. Cabinet can delegate functions relating to partnerships to officers, but where functions are delegated, Cabinet remains accountable for them to the Assembly.
- 8.1.2 The Chief Executive as Head of the Paid Service represents the authority in the Elevate Joint Venture.
- 8.1.3 The Monitoring Officer is responsible for promoting and maintaining the same high standards of conduct with regard to financial administration in the Elevate Joint Venture that apply throughout the Authority.
- 8.1.4 The Chief Finance Officer must ensure that the accounting arrangements to be adopted relating to the Elevate Joint Venture are satisfactory. He or she must also consider the overall corporate governance arrangements and legal issues associated with contractual arrangements entered into. He or she must ensure that the risks have been fully appraised before agreements are entered in to.
- 8.1.5 Chief Officers and staff with a client role in respect of the Elevate Joint Venture must monitor outputs and service levels to ensure that these are in line with the agreed standards.

### **8.2 External Funding**

- 8.2.1 External funding covers bids to Government and other organisations that are offering funding for projects that meet certain criteria, as well as contributions from organisations and individuals (public or private).
- 8.2.2 Corporate Directors are ultimately responsible for the external funding within their service, including exploring feasible options and proposals to maximise its availability to the Council and ensuring it is received and properly recorded.
- 8.2.3 Corporate Directors must provide the Chief Finance Officer, or nominated deputy, with details of all bids for external funding. This should also include details of any matched funding; whether it is revenue or capital; and any future/ongoing revenue implications.



- 8.2.4 Corporate Directors/ delegated budget holders must not commit expenditure on projects requiring matched funding contributions until the external funding has been confirmed, unless approval has been given by the Chief Finance Officer.
- 8.2.5 Corporate Directors/ delegated budget holders must ensure that monies are received from the funding body, and where possible this should be before any planned financial commitments are entered into by the Council. Corporate Directors / Divisional Directors (Head of Service) must also advise the Chief Finance Officer of all grant and subsidy notifications as soon as they are received.
- 8.2.6 Corporate Directors/ delegated budget holders are also responsible for ensuring that all conditions associated with external funding are met, and that all appropriate information and evidence required to complete grant/subsidy claims is provided on time.
- 8.2.7 Where the external funding notified is higher than the budget, the surplus amount should be returned to the central contingency unless regulations specify restrictions on its use, in which case it should be used to offset other uncontrollable pressures within the service. Where the funding is less than the budget, the Corporate Director / Divisional Director (Head of Service) should notify the Chief Finance Officer of options for containing the potential overspend.
- 8.2.8 Some services may be funded (wholly or partly) through time-limited external funding. If / when the possibility of expenditure / commitments slipping past the funding deadline is forecast, the responsible Corporate Director/Divisional Director/delegated budget holder should notify the Chief Finance Officer immediately and provide options for reducing expenditure and/or identifying alternative funding. Where there is a risk of external funding being reduced or stopped, budget managers should have an exit strategy in place, which will prevent any impact on other internal Council budgets.

### **8.3 Work for Third Parties**

The Cabinet is responsible for approving the contractual arrangements for any work for third parties or external bodies.

## APPENDIX A

## INTERPRETATION

- A.1 Any reference to an Act of Parliament, Regulation or other legislation shall include a reference to that legislation as amended, applied, consolidated or re-enacted by virtue of any subsequent legislation.
- A.2 The expression 'Corporate Director' refers to the position of 'Chief Officer' and includes their authorised representatives.
- A.3 The expression 'The Chief Finance Officer' is sometimes also known as the Council's 'Section 151 Officer.'
- A.4 Any reference to the 'Chief Finance Officer' shall include their nominated Deputy.
- A.5 The 'Assembly' means the Council acting as or through the Assembly, and includes any person or body to which the Assembly delegates functions.
- A.6 The 'Council' means the London Borough of Barking and Dagenham.
- A.7 The expression 'Cabinet' includes any person or body to which the Cabinet delegates executive functions.
- A.8 'Code of Practice' is the Contracts Code of Practice approved by the Assembly as set out in Part D of the Council Constitution.
- A.9 'Value' shall mean, where known, the precise value or, where not known, the estimated value, of the works, services, goods or materials that will be payable by the Council over the entire contract period (including any extension period). Where the anticipated value is near the turning point between two classifications, the value of the contract shall be treated as if it were in the higher classification.
- A.10 'Partnership' means public sector partnerships in which the Council participates as a constituent participant or lead authority within a separate organisation.
- A.11 The term 'contract' shall include all the contracts, agreements and orders for the carrying out of work, the provision of services and the supply of goods or materials to, for, or by the Council, by the purchase, lease, rental or hire purchase, including the provision of services to the public on the Council's land or premises. It shall not include contracts for the employment of staff, or for the sale, purchase, lease or licence of land or buildings.
- A.12 These Rules are to be interpreted subject to United Kingdom and European Union legislation, regulations, orders and directives. EU Procurement legislation in particular prohibits discrimination on grounds of national standards or in support of the promotion of local economic interests. These EU Treaty provisions apply to all contracts including those below the EU Public Procurement thresholds.
- A.13 Corporate Directors will refer to the Chief Executive any questions relating to the interpretation of the Rules.
- A.14 These Rules should be applied in accordance with the Code of Practice.

*(Contact Chief Finance Officer: Tel: 020 8724 8427)*

FINANCIAL RULES AND REGULATIONS – Summary of Financial Limits

Authorisation Level	Revenue monitoring – Action Plan for net overspend forecast		Revenue budget virements		Capital budget virements		Capital scheme re-profiles	
	Current limit	Proposed limit	Current limit	Proposed limit	Current limit	Proposed limit	Current limit	Proposed limit
Head of Service (in consultation with Group Finance Managers and Corporate Directors)			Up to £100,000	Up to £100,000				
Head of Service (in consultation with Chief Finance Officer and Corporate Directors)					£0	Up to £100,000		
Corporate Director in consultation with the CFO			£200,000	£200,000	£0	Up to £100,000	£250,000	£500,000
Chief Finance Officer (CFO)			£200,000	£200,000	£0	Up to £100,000	£250,000	£500,000
Cabinet	Over £100,000	Over £250,000	Over £200,000 plus any virement to/from reserves		Any value capital virements	Over £100,000	Over £250,000	Over £500,000

Please refer to the Financial Regulations for complete details of the Financial Limits.

FINANCIAL RULES AND REGULATIONS – Summary of Financial Limits

Authorisation Level	Use of Contingency		Contract approval		Purchase orders / Payment of accounts - REVENUE		Purchase orders / Payment of accounts - CAPITAL	
	Current limit	Proposed limit	Current limit	Proposed limit	Current limit	Proposed limit	Current limit	Proposed limit
Team Leader / Project Manager					£0	£10,000	£0	Up to £50,000
Group Manager					£5,000	£50,000	Up to £5,000,000	£50,001 to £5,000,000
Nominated Manager (Commissioning)					£0	£100,000		
Head of Service					£250,000	£500,000	Over £5,000,000	£50,001 to £5,000,000
Corporate Director in consultation with the CFO	Up to £100,000	Up to £100,000						
Corporate Director			Up to £400,000	Up to £500,000	Unlimited	Unlimited	Over £5,000,000	Over £5,000,000
Chief Finance Officer (CFO)	Up to £100,000	Up to £100,000			Unlimited	Unlimited	Over £5,000,000	Over £5,000,000
Cabinet	Over £100,000	Over £100,000	Over £400,000	Over £500,000				

Please refer to the Financial Regulations for complete details of the Financial Limits.

## ASSEMBLY

4 December 2013

<b>Title: Treasury Management Strategy Statement Mid-Year Review 2013/14</b>	
<b>Report of the Cabinet Member for Finance</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected: None</b>	<b>Key Decision: Yes</b>
<b>Report Author:</b> David Dickinson, Group Manager Pensions and Treasury	<b>Contact Details:</b> Tel: 020 8227 2722 E-mail: <a href="mailto:david.dickinson@lbbd.gov.uk">david.dickinson@lbbd.gov.uk</a>
<b>Accountable Director:</b> Jonathan Bunt, Chief Finance Officer	
<p><b>Summary:</b></p> <p>Regulation changes have now placed a greater onus on elected Members in respect of the review and scrutiny of treasury management policy and activities. This mid-year review report is important in that respect as it provides details of the mid-year position for treasury activities and highlights compliance with the Council's policies previously approved by the Assembly.</p> <p>The Assembly agreed the Treasury Management Strategy Statement for 2013/14 on 25 February 2013 which incorporated the Prudential Indicators. This report updates Members on treasury management activities in the current year.</p> <p>The report asks Members to agree to three changes to the investment strategy, including:</p> <ol style="list-style-type: none"> <li>1. Remove the variable counterparty limit for Lloyds Bank, which is currently the higher of £40m or 40% of total investable cash, to a fixed limit of £50m;</li> <li>2. Allow the in-house treasury section to manage (hold and sell), but not purchase, UK government debt with maturities in excess of one year and up to a maximum maturity period of five years; and</li> <li>3. Allow the in-house treasury section to invest in non-UK banks that meet the minimum credit rating colour band up to a maximum of £10m per counterparty and up to a total limit of £30m for all non-UK banks.</li> </ol> <p>These recommendations are to allow the in-house treasury section to hold, but not deal in, UK issued government debt (GILTS) and to increase the limit on Lloyds Banking Group proportional to the increase in the amount of cash managed that will be recalled from the Council's external cash manager. A further recommendation is to allow the investment in credit worthy foreign banks to enable the in-house treasury section to diversify its investments to include non-UK credit-worthy banks.</p> <p>The Cabinet considered this report at its meeting on 19 November and endorsed the recommendations below.</p>	

## **Recommendation(s)**

The Assembly is recommend to approve the following changes to the Treasury Management Strategy Statement 2013/14:

- (i) Remove the variable counterparty limit for Lloyds Bank, which is currently the higher of £40m or 40% of total investable cash, to a fixed limit of £50m;
- (ii) Allow the in-house treasury section to manage (hold and sell), but not purchase, UK government GILTS with maturities in excess of one year and up to a maximum maturity period of five years; and
- (iii) Allow the in-house treasury section to invest in non-UK banks that meet the minimum credit rating colour band up to a maximum of £10m per counterparty and up to a total limit of £30m for all non-UK banks.

## **Reason(s)**

This report is required to be presented in accordance with the Revised CIPFA Code of Practice for Treasury Management in the Public Services.

### **1. Background and Introduction**

- 1.1 The Council operates a balanced budget whereby cash raised during the year meets the Council's cash expenditure needs. Part of the treasury management operations is to ensure this cash flow is adequately planned, with surplus monies invested with counterparties of an appropriate level of risk, providing adequate liquidity before considering maximising investment return.
- 1.2 The second main function of treasury management relates to the funding of the Council's capital programme. These capital plans provide a guide to the Council's borrowing need, which is essentially the use of longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging loans, using cash flow surpluses or restructuring previously drawn debt to meet Council risk or cost objectives.
- 1.3 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2011) requires the:
  - (i) Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management.
  - (ii) Creation and maintenance of Treasury Management Practices which set out the how the Council will seek to achieve those policies and objectives.
  - (iii) Receipt by the full Council of an annual Treasury Management Strategy Statement, including the Annual Investment Strategy and Minimum Revenue Provision Policy for the year ahead, a Mid-year Review Report and an Annual Report (stewardship report) covering activities during the previous year.

- (iv) Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
- (v) Delegation by the Council to a specific named body, for this Council this is Cabinet, to scrutinise the treasury management strategy and policies.

1.4 This mid-year report has been prepared in compliance with CIPFA's Code of practice on Treasury Management, and covers the following:

1. Economic Summary and Outlook;
2. Treasury Position at 30 September 2013;
3. Debt Position as at 30 September 2013;
4. Investment Portfolio 2013/14, including:
  - Externally Managed Cash – Investec
  - In-house Cash Management;
5. Key Changes to the Treasury Strategy; and
6. The Council's Capital Position (Prudential Indicators), including:
  - Prudential Indicator for Capital Expenditure
  - Changes to the Financing of the Capital Programme
  - Prudential Indicator – Capital Financing Requirement
  - Limits to Borrowing Activity.

## **2. Economic Summary and Outlook**

2.1 During 2013/14 a number economic indicators pointed to the UK economy recovering. In the second quarter the economy grew 0.7% with an increase in household spending and a year on year increase in retail sales, mortgages and house prices. The Bank of England extended its Funding for Lending Scheme (FLS) into 2015 and improved the incentives for banks to extend more business funding, particularly to small and medium size enterprises.

### **Effect on the Council's treasury strategy:**

- 2.2 The FLS has had a negative effect on the yields available to the Council, which in-turn has a negative effect on the total interest income to the Council. Although there has been a decrease in return, the interest income budget set for 2013/14 included the reduction in yields as one of its assumptions and overall it is forecast to breakeven. It will however be difficult for the treasury section to provide any additional investment return above the budget.
- 2.3 The 2013 Spending Review covering 2015/16, made no changes to the headline Government spending plan, and monetary policy has remained unchanged. The Bank Rate remains at 0.5%, with quantitative easing at £375bn. In August, the Monetary Policy Committee (MPC) provided forward guidance that Bank Rate is unlikely to change until unemployment first falls to 7%.
- 2.4 The Consumer Price Index (CPI) inflation fell marginally from a peak of 2.9% in June to 2.7% in September. The Bank of England expects inflation to fall back to 2.0% in 2015.

- 2.5 In June 2013 the Federal Reserve (Fed) Chairman, Ben Bernanke, suggested the Fed may taper its asset purchases earlier than anticipated which resulted in the UK Treasury yields increasing significantly, making the cost of borrowing for the governments higher. As the market moves to realign its expectations, bond yields are likely to rise further in expectation of a continuing economic recovery.

**Effect on the Council's treasury strategy:**

- 2.6 The increase in the cost of UK government debt has in-turn pushed up the cost of borrowing for Council, especially over the 5 year to 25 year duration. As the Council is currently using internal borrowing to fund its capital program, the increase in costs to borrow has increased the Council's financing risk as, were the Council to borrow, the interest costs would now be higher than at the start of the year.
- 2.7 Internal Borrowing involves using the Council's cash reserves rather than taking on additional borrowing. Currently the Council is using approximately £97m of internal borrowing by using the cash it holds in its reserves, in earmarked reserves, in government grants not yet used and from delays in funding the capital program. These balances are being closely monitored but cash flow forecasts indicate that no new borrowing will be required in 2013/14 and 2014/15.
- 2.8 Economic survey data in the Eurozone improved consistently over the first half of the year, pointing to a return to growth in Q2, so ending six quarters of recession. However, although tensions in the Eurozone eased over the second quarter, there remain a number of risks and pressures that have not yet been resolved.

**Effect on the Council's treasury strategy:**

- 2.9 There are a number of strong banks within some AAA and AA rated countries, especially in Europe, including Germany and the Nordic Countries. Although returns within these banks are not as high as from some UK banks, as the macroeconomic environment improves the treasury section will continue to monitor these banks for investment opportunities where they arise.

**Outlook for the next six months of 2013/14**

- 2.10 Economic forecasting remains difficult with many external influences weighing on the UK. Volatility in bond yields is likely during the remainder of 2013/14 as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, and safer bonds.
- 2.11 The overall balance of risks to economic recovery in the UK is now weighted to the upside after six months of robust good news on the economy. However, only time will tell just how long this period of strong economic growth will last, and it remains exposed to vulnerabilities in a number of key areas. The longer run trend is for gilt yields and in turn the PWLB (Public Works Loan Board ) rates to rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries.
- 2.12 Overall as economic conditions improve the returns available from banks and building societies will increase, but possibly only after the FLS ends, which is



only in 2015. At the same time the cost of borrowing is increasing which is resulting in a significant increase in the cost of carry, which is the cost of holding debt against the return that can be obtained from the cash borrowed.

### Effect on the Council's treasury strategy:

- 2.13 Although there has been some improvement in the economic conditions of many countries, there remains a number of risks associated with investing. Therefore the Council will maintain a cautious approach to placing investments and will continue to invest the majority of its cash in UK banks and building societies and continue to use internal borrowing as a source of funding for its capital programme.
- 2.14 Amending the investment strategy, if agreed, will allow the Council to directly hold UK government debt (GILTS) and will allow the use of some credit worthy foreign banks as and when opportunities arise.

### 3. Treasury Position at 30 September 2013

- 3.1 Table 1 below details the Council's mid year treasury position.

**Table 1: Council's treasury position at 30 September 2013**

	Principal Outstanding 30/09/2013 £000s	Rate of Return 30/09/2013 %	Average Life 30/09/2013 (yrs)
<b>Fixed Rate Funding:</b>			
PWLB	(275,912)	3.52	37.96
Local Authority (Temporary Loan)	(10,000)	0.33	0.09
Market	(40,000)	4.02	55.08
<b>Variable Rate Funding:</b>			
PWLB / Market	0	0	0
<b>Total Debt</b>	<b>(325,912)</b>	<b>3.61</b>	<b>41.04</b>
<b>Investments</b>			
In-House	90,871	1.23	
External Managers: Investec*	39,071	0.59	
<b>Total Investments</b>	<b>129,942</b>	<b>1.04</b>	

\* Interest is net of fees but gross of capital losses

### 4. Debt Position as at 30 September 2013

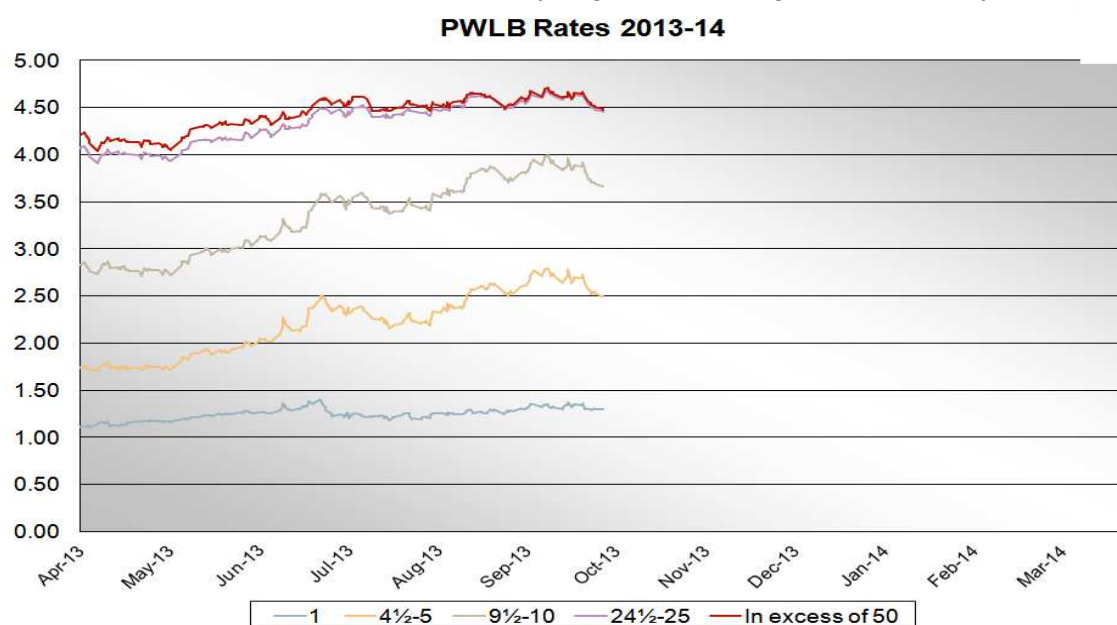
- 4.1 The Council's capital financing requirement (CFR) for 2013/14 is forecast to be £489.33m. The CFR denotes the Council's underlying need to borrow for capital purposes. This need to borrow can be met through a variety of means including the use of reserves, external borrowing, internal borrowing and careful management of the Council's cash flow.
- 4.2 **Debt Repayment** - On 27 April 2013 a £10m PWLB loan matured and as there was sufficient cash held by the Council to meet the 2013/14 CFR, the £10m borrowing was not replaced. By repaying the £10m, with an interest rate of 4.07%, reduced the interest payments for 2013/14 by £379k. If the interest

forgone is included, which would have been in the region of £89k, proper management of the Council's cash flow has made a net in year saving of £290k.

4.3 **Internal Borrowing** -Due to large cash balances held by the Council, internal borrowing is still preferred over external borrowing. While borrowing rates remain significantly higher than investment rates the Council will seek to delay new loans as long as possible. Where borrowing is considered, officers will base any decisions on the Council's cash flow requirements and at the most appropriate and cost effective interest rate available.

4.4 As outlined below, the recent trend has been for a significant increase in interest rates over 5 year to 20 year duration. Chart 1 below shows these movements in PWLB rates for the first six months of the financial year (to 30 September 2013). It is anticipated that further long term borrowing will not be undertaken during the remainder of this financial year, although some short-term borrowing may be required due to the nature of cash flows during the year.

**Chart 1: Movement in PWLB rates (1 April to 30 September 2013)**



4.5 Table 2 provides a breakdown of the General Fund debt as at 30 September 2013.

**Table 2: General Fund Debt held as at 30 September 2013**

Borrowing/Loan Held	Interest Rate	Fixed/ Variable	Principal £000s	2012/13 Interest £000s	Term End date
PWLB	4.25%	Fixed	10,000	425	28/04/2014
Barclays Bank	3.98%	Fixed	10,000	398	30/05/2078
Dexia Bank	3.97%	Fixed	10,000	397	30/06/2077
RBS Bank	4.05%	Fixed	10,000	405	27/02/2060
RBS Bank	4.07%	Fixed	10,000	407	26/03/2055
<b>Total</b>	<b>4.06%</b>		<b>50,000</b>	<b>2,032</b>	

4.6 Debt rescheduling opportunities are limited in the current economic climate. During the first six months of the year, no debt rescheduling was undertaken.

4.7 **Certainty Rate** - The Office for Budgetary Responsibility (OBR) is keen to have clearer sight of funding data as they currently receive outdated data. As an incentive for Councils to submit returns the ONS have allowed compliant Councils to borrow from the PWLB at 0.20% lower than currently available. The Council has submitted a return and can use the reduced rate were there a need to borrow.

## 5. Investment Portfolio 2013/14

5.1 It is the Council's priority to ensure security of capital and liquidity before obtaining an appropriate level of return which is consistent with the Council's risk appetite. In the current economic climate the Council's risk appetite remains low. Given the continued risk adverse environment as well as the artificial reduction in rates caused by the funding for lending scheme, investment returns are likely to remain low for the remainder of 2013/14.

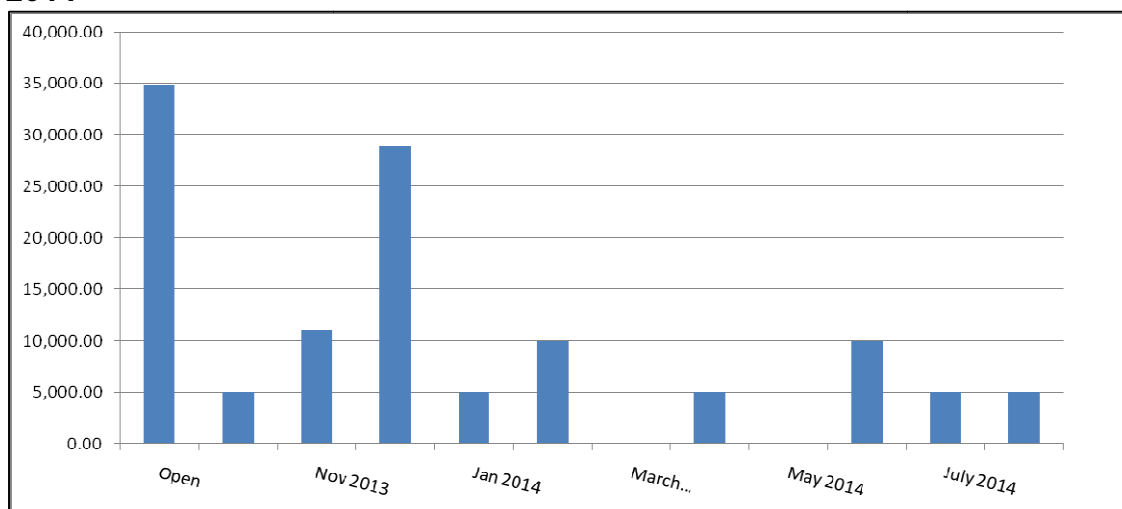
5.2 **Interest rate forecast** - Expectations for the first change in the UK Bank Rate are now dependent on when unemployment is likely to fall to 7%. Financial markets have factored in this rate change, with short term borrowing costs still low but the medium term cost of borrowing significantly higher. Table 3 contains the latest interest rate forecast and the resulting PWLB rates from the Council's advisor.

**Table 3: PWLB Forecast**

	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Bank rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%
5yr PWLB rate	2.50%	2.50%	2.50%	2.60%	2.70%	2.70%	2.80%	2.80%	2.90%	3.00%	3.20%	3.30%	3.50%	3.60%	3.70%
10yr PWLB rate	3.70%	3.70%	3.70%	3.70%	3.80%	3.80%	3.90%	4.00%	4.10%	4.20%	4.30%	4.40%	4.50%	4.60%	4.60%
25yr PWLB rate	4.40%	4.40%	4.40%	4.40%	4.50%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.10%	5.10%	5.20%
50yr PWLB rate	4.50%	4.40%	4.40%	4.40%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%	5.20%	5.20%	5.30%

5.3 **Investment Profile** - The maturity profile of the Council's investments in Chart 2 below shows that the Council holds 42.1% of investment that mature within 60 days or less. Spreading out the maturity of longer dated investments allows the Council to take advantage of improved rates of return while ensuring sufficient liquidity is available to cover its future borrowing requirement.

**Chart 2: Investment Profile (£000s) between October 2013 to September 2014**



## 5.4 Total Investment Portfolio

5.4.1 As at 30 September 2013 the Council held £130m of investments with £39m managed by Investec, the Council's external cash manager, and with the remaining £91m invested in-house by the Council's treasury section. The Chief Finance Officer confirms that the approved investment limits within the Annual Investment Strategy were not breached during the first six months of 2013/14. A summary of the performance of the treasury management is provided below, with a full list of investments as at 30th September 2013 in Appendix 1.

### 5.4.2 Externally Managed Cash – Investec

The Council uses Investec for its external cash management to allow the Council to diversify its investment portfolio into a number of different financial instruments, including GILTS, Certificates of Deposit, Floating Rate Notes and Deposits. Historically this strategy has worked well with Investec providing an average return of 6.27% over the past 25 years.

However, with returns at near historic lows, Investec's management fees, despite a reduction negotiated at the start of the year, have significantly reduced the investment return, with 17% of the gross interest being lost to manager fees. As a result the gross return of 0.71% Investec achieved for the first six months has reduced to a net return of 0.59%, which is lower than the 1.24% return achieved by the in-house treasury section.

In addition to reduced net returns, Investec investments in UK government debt have resulted in unrealised market value losses as yields have risen. While the market value loss can be reduced by holding the investments to maturity, the timing of the investments was poor and have resulted in the Council holding investments with a maturity date of July 2018, which is outside the Council's preferred duration for its cash investments.

As a result of the reduced returns and poor investment decisions, on 1 October 2013 the Council terminated its contract with Investec. The cash is in the process of being transferred back to the Council where it will be managed by the in-house treasury section. Table 4 below provides a summary of Investec's returns:

**Table 4: Investec's Investment Returns (1 April to 30 September 2013)**

<b>Cash Manager - Investec</b>	
	<b>£000s</b>
<b>Opening Balance</b>	<b>39,088</b>
GILTS Interest	52
Certificates of Deposit (CD) Interest	85
Deposit Interest	1
Management Fee	-23
<b>Gross Interest Received</b>	<b>115</b>
Capital Depreciation	-127
<b>Closing Balance</b>	<b>39,076</b>

#### 5.4.3 In-house Cash Management

##### **Summary**

Investment returns continued to decline over the first six months of the financial year, with average return from in-house managed investments of 1.24%. Returns for the remainder of the year are likely to be lower at 0.9% to 1% as the full year effect of yield reductions is included. The reduction in the returns has been mitigated by higher than forecast cash balances, with overall returns being in-line with the 2013/14 interest income budget.

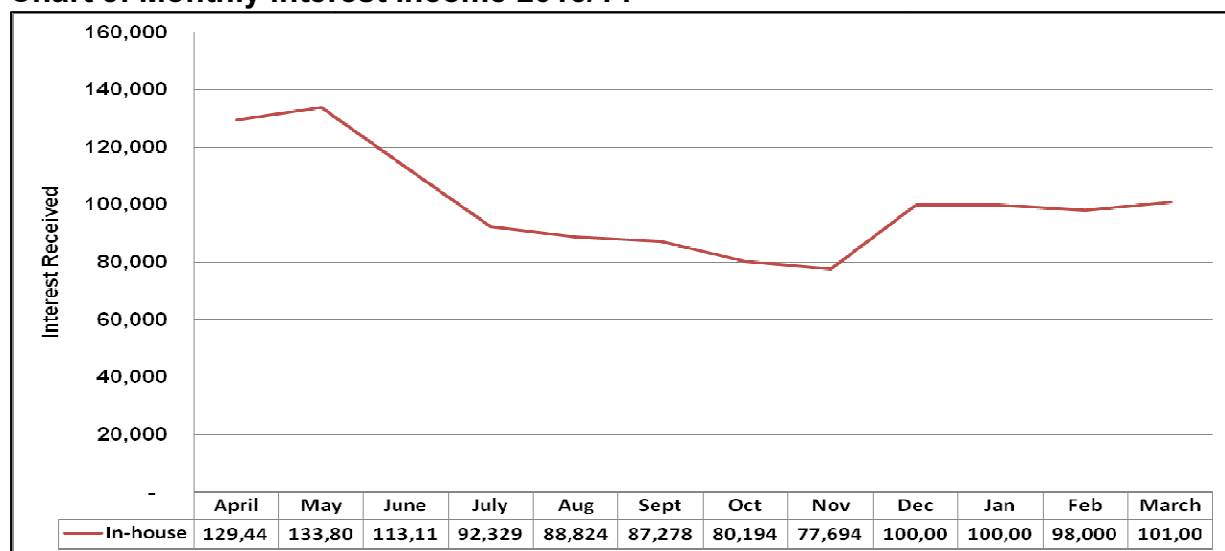
##### **Investments**

At the start of the financial year until September some value was obtained from investing with Lloyds Banking Group, RBS Bank and Nationwide Building Society over a three month to one year duration. The full £40m limits for Lloyds Bank and £30m for RBS Bank was used over this period. The remaining cash was invested short term in call accounts and Money Market Funds (MMFs), which provided a return of between 0.45 and 0.75%.

Subsequently, as rates available from Banks and Building Societies continue to reduce, some value is being obtained by investing with other Local Authorities over two years, where returns of between 1% and 1.1% can be achieved. By investing over two years the Council can lock in the rates thereby ensuring certainty of return but also potentially foregoing gains were rates to increase. As a result a limit of £25m will be used for investments with other Councils of over one year up to a limit of two years.

Chart 3 below provides a summary of the monthly interest income between April and September 2013 for the in-house treasury section and provides a forecast of the expected monthly interest income for the remaining six months of the year. The increase in return in October to December is as a result of the cash being held by Investec being transferred to the in-house treasury.

**Chart 3: Monthly interest income 2013/14**



## 6. Key Changes to the Treasury Strategy

6.1 As outlined in section 5.5.2, on 1 October 2013 the Council terminated its contract with Investec. To accommodate the additional cash that the in-house treasury section will manage, Members are asked to agree three changes to the Council's Annual Investment Strategy. The proposed changes and the reasons for the changes are provided below. Members are asked to discuss each recommendation and, if sufficiently assured, to agree the recommendations:

- **Recommendation 1:** Remove the variable counterparty limit for Lloyds Bank, which is currently the higher of £40m or 40% of total investable cash, to a fixed limit of £50m.

**Reason:** The current limit was based on an average in-house cash balance of £90 to £100m. As the in-house treasury section will now be managing balances between £130m to £150m, the increase to £50m is proportional with this increase. In addition Lloyds has recently seen a significant improvement in its financial health, which has led to the government selling 6% of its holding on 17 September 2013, reducing its overall holding from 38.7% to 32.7%.

- **Recommendation 2:** Allow the in-house treasury section to manage (hold and sell), but not purchase, UK government GILTS with maturities in excess of one year and up to a maximum maturity period of five years.

**Reason:** Investec currently holds £5.78m of UK government GILTS, with a maturity of five years. Although this investment provides a yield of 1.25%, the subsequent increase in yields has resulted in this investment being worth less than its initial purchase cost. As part of recalling the cash held by Investec these GILTS will be held in a custodian account until maturity, providing a return of 1.25% per year, or until such time as the yields decrease sufficient for the holding to be sold at a profit. To accommodate this transfer the investment strategy needs to be changed to allow the Council to hold GILTS directly.

- **Recommendation 3:** Allow the in-house treasury section to invest in non-UK banks that meet the minimum credit rating colour band up to a maximum of £10m per counterparty and up to a total limit of £30m for all non-UK banks.

**Reason:** Currently there are a number of good quality banks within AAA and AA rated countries that could provide the Council with diversification of its investments at a reasonable return. The current investment restrictions exclude non-UK banks. The proposed change would enable the in-house treasury section to diversify its investments to include sufficiently creditworthy counterparties from outside of the UK.

Members are asked to note that all investments would remain in sterling.

## 7. The Council's Capital Position (Prudential Indicators)

### 7.1 Prudential Indicator for Capital Expenditure

Table 5 below shows the revised estimates for capital expenditure and the changes since the capital programme was agreed at the Budget.

**Table 5: Revised Estimate to Capital Programme as at 30 September 2013**

<b>Capital Expenditure by Service</b>	<b>2013/14 Original Budget £000s</b>	<b>2013/14 Revised Budget (as at Sept 2013) £000s</b>
Adult & Community Services	8,483	9,948
Children's Services	53,192	28,721
Housing and Environment	3,361	3,839
HRA	74,455	87,854
Finance & Resources	14,393	11,708
<b>Total</b>	<b>153,884</b>	<b>142,070</b>

### 7.2 Changes to the Financing of the Capital Programme

Table 6 draws together the main strategy elements of the capital expenditure plans (above), highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

**Table 6: Revised Borrowing need as at 30 September 2013**

Capital Expenditure	2013/14 Original Budget £000s	2013/14 Revised Budget (as at Sept 2013) £000s
Supported	0	0
Unsupported	153,884	142,070
<b>Total spend</b>	<b>153,884</b>	<b>142,070</b>
<b>Financed by:</b>		
Capital receipts	13,735	13,735
Capital grants	85,200	75,975
Capital reserves	963	933
MRA	4,590	4,590
Revenue (including HRA funding)	38,683	39,262
<b>Total financing</b>	<b>143,171</b>	<b>134,495</b>
<b>Borrowing need</b>	<b>10,713</b>	<b>7,575</b>

### 7.3 Prudential Indicator – Capital Financing Requirement

The Council is on target to achieve the original forecast Capital Financing Requirement (Prudential Indicator – External Debt / the Operational Boundary).

**Table 7: Revised Capital Financing Requirement as at 30 September 2013**

	2013/14 Outturn £000s	2013/14 Revised Estimate £000s
<b>Prudential Indicator – Capital Financing Requirement</b>		
CFR – non housing	163,934	163,748
CFR – housing	267,722	267,722
Alternative Financing (PFI and leases)	59,922	57,858
Total CFR	491,578	489,328
<b>Net movement in CFR</b>	<b>6,140</b>	<b>(2,250)</b>
<b>Prudential Indicator – External Debt / the Operational Boundary</b>		
Long Term Borrowing	325,912	315,912
Short Term Borrowing	0	10,000
Other long term liabilities	59,922	57,858
<b>Total debt 31 March</b>	<b>385,834</b>	<b>383,770</b>

### 7.4 Limits to Borrowing Activity

The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Net external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2013/14 and next two financial years. This allows some flexibility for limited early borrowing for future years.



**Table 8: Revised Borrowing Limits as at 30 September 2013**

	<b>2013/14 Original Estimate £000s</b>	<b>2013/14 Revised Estimate £000s</b>
Gross borrowing	325,912	325,912
Plus other long term liabilities	59,922	57,858
Less investments	(118,394)	(129,942)
<b>Net borrowing</b>	<b>267,440</b>	<b>253,828</b>
CFR (year end position)	491,578	489,328

- 7.5 The Chief Finance Officer reports that no difficulties are envisaged for the current or future years in complying with this prudential indicator.
- 7.6 A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

**Table 9: Authorised External Debt Limit and Current Position  
At 30 September 2013**

<b>Authorised External Debt Limits</b>	<b>2013/14 Original Indicator £000s</b>	<b>Current Position £000s</b>
Borrowing	469,000	325,912
Other long term liabilities	59,000	57,858
<b>Total</b>	<b>528,000</b>	<b>383,770</b>

## 8. Consultation

- 8.1 The Chief Finance Officer has been informed of the approach, data and commentary in this report.

## 9. Financial Implications

Implications completed by: Jonathan Bunt, Chief Finance Officer

- 9.1 This report sets out the mid-year position on the Council's treasury management position and is concerned with the returns on the Council's investments as well as its short and long term borrowing positions.

## 10. Legal Implications

Implications completed by: Eldred Taylor-Camara, Legal Group Manager

- 10.1 The Local Government Act 2003 (the "Act") requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy which sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

10.2 The Council also has to 'have regard to' the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities when carrying out its functions under the Act.

10.3 A report setting out the Council's strategies in accordance with the Act was presented to Cabinet and Assembly in February 2013. This report is a mid-year review of the strategy's application and there are no further legal implications to highlight.

## **11. Options Appraisal**

11.1 There is no legal requirement to prepare a Treasury Management Strategy Statement Mid-year Review; however, it is good governance to do so and meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

## **12. Other Implications**

12.1 **Risk Management** - The whole report concerns itself with the management of risks relating to the Council's cash flow. The report mostly contains information on how the Treasury Management Strategy has been used to maximise income during the first 6 months of the year.

### **Background Papers Used in the Preparation of the Report:**

- Local Government Act 2003
- CIPFA – Revised Prudential Code for Capital Finance in Local Authorities
- CIPFA – Revised Treasury Management in the Public Services
- HRA Business Plan v7 (16 Jan 2012)
- Treasury Management Strategy Statement - Assembly Report 25 February 2013

### **List of appendices:**

- Appendix 1: Investments as at 30 September 2013

Appendix 1

Investments as at 30th September 2013

Investments Held	Fitch LT/ ST Rating	Interest Rate	Investment Type	Principle	Issue Date	Repayment Date
INVESTEC ASSET MANAGEMENT		variable	Variable	39,071,014	N/A	N/A
SANTANDER UK BANK	A/F1	0.50%	Call Account	59,149	N/A	N/A
BARCLAYS BANK	A/F1	0.75%	Call Account	10,781,391	N/A	N/A
LLOYDS BANKING GROUP	A/F1	0.40%	Call Account	60,162	N/A	N/A
FEDERATED PRIME RATE	AAA	0.42%	MMF	-	N/A	N/A
GOLDMAN SACHS	AAA	0.35%	MMF	50,000	N/A	N/A
RBS BANK	A/F1	0.80%	95 Day Account	23,920,178	N/A	N/A
LLOYDS BANKING GROUP	A/F1	2.70%	Fixed Deposit	5,000,000	03-Oct-12	03-Oct-13
RBS BANK	A/F1	1.50%	Fixed Deposit	6,000,000	16-Nov-12	15-Nov-13
NATIONWIDE BUILDING SOCIETY	A+/F1	0.50%	Fixed Deposit	5,000,000	22-May-13	22-Nov-13
LLOYDS BANKING GROUP	A/F1	1.50%	Fixed Deposit	5,000,000	07-Dec-12	09-Dec-13
LLOYDS BANKING GROUP	A/F1	1.10%	Fixed Deposit	5,000,000	08-Jan-13	08-Jan-14
NATIONWIDE BUILDING SOCIETY	A+/F1	0.51%	Fixed Deposit	5,000,000	07-Aug-13	07-Feb-14
LLOYDS BANKING GROUP	A/F1	1.10%	Fixed Deposit	5,000,000	26-Feb-13	26-Feb-14
LLOYDS BANKING GROUP	A/F1	1.10%	Fixed Deposit	5,000,000	11-Apr-13	11-Apr-14
LLOYDS BANKING GROUP	A/F1	1.10%	Fixed Deposit	5,000,000	04-Jun-13	04-Jun-14
LLOYDS BANKING GROUP	A/F1	1.10%	Fixed Deposit	5,000,000	05-Jun-13	05-Jun-14
LLOYDS BANKING GROUP	A/F1	1.01%	Fixed Deposit	5,000,000	04-Jul-13	04-Jul-14
			<b>Total Investments</b>	<b>129,941,894</b>		

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## THE ASSEMBLY

4 DECEMBER 2013

## REPORT OF THE CHIEF EXECUTIVE

Title: Motions	For Decision
<p>The following motions have been received in accordance with paragraph 14 of Article 2, Part B of the Council's Constitution:</p> <p><b>1. Academy status consultation</b></p> <p>To be moved by Councillor Vincent:</p> <p><i>"The Council notes that school governing bodies now have the authority to convert into Academies via an Academy Order. There is a legal duty to consult.</i></p> <p><i>This Council believes that the consultation should be meaningful and that parents should have a say about the status of their children's school and education provider.</i></p> <p><i>This Council recommends that any school consulting on whether or not to apply for an order so that it can become an Academy, undertakes a detailed consultation with parents and all interested parties. This could include holding a ballot with parents in a school affected prior to the making of an application in order for governors to be fully informed of parental wishes and before any application for an order is made."</i></p> <p><b>2. Closure of the Broad Street Walk-in Centre</b></p> <p>To be moved by Councillor Mullane:</p> <p><i>"This Council believes that the first port of call of all residents for healthcare should be their family doctor. We support the government view that care should be delivered 'closer to home'. We believe that A&amp;E is not the place for routine healthcare or minor injuries. However, we believe there is a long way to go yet before access to GPs is as good as it needs to be, with people waiting too long for appointments and a lack of availability seven days a week and into the evening. Walk-in Centre services are vital for getting people fast and flexible access to the healthcare they need, fitting around busy working and family life. We therefore reject the Clinical Commissioning Group's move to close the Walk-in Centre at Broad Street in Dagenham, and urge them to think again about this decision."</i></p> <p><b>3. Improving air quality through tackling vehicular emissions</b></p> <p>To be moved by Councillor McDermott:</p> <p><i>"Barking and Dagenham is designated as an Air Quality Management Area due to high levels of nitrogen dioxide and particulate matter. A major contributor to poor air quality is</i></p>	

road traffic particularly on the borough's main roads. Of particular concern is air pollution from traffic on the A13 which the Mayor of London is responsible for. Data from Clean Air London shows that the A13 is one of the top five worst roads in London for fine particulate matter and nitrogen oxides and that EU legal limits are regularly breached. The Council's Joint Strategic Needs Assessment estimates that locally 120 deaths each year are attributable to air pollution in the borough and that people who reside or work near busy roads or spend a long time in traffic are at particularly high risk of exposure to the health harms of air pollution. Naturally as Councillor for Eastbury Ward I am very concerned by the potentially damaging impact that air pollution from the A13 is having on borough residents and I think more needs to be done to tackle this.

One of the most effective ways to tackle vehicular emissions is the London Low Emission Zone but I am concerned that it does not go far enough. Currently all lorries, coaches and buses must meet Euro 4 standards for particulate matter. The Mayor of London's Air Quality Strategy had a target for extending this standard to nitrogen dioxide emissions in 2015. However the Mayor of London has decided that only Transport for London's bus fleet must do so and has exempted lorries and coaches. The explanation is that TfL are concerned about the effectiveness of the Euro 4 nitrogen dioxide standard for Heavy Goods Vehicles and the cost to businesses of compliance and that London buses are responsible for the majority of nitrogen dioxide emissions on many of London's roads. However London buses make up a very small proportion of the traffic that uses the A13 which experiences the highest flows of Heavy Goods Vehicle movements of any main road in London excluding the M25.

I am very concerned that as it stands the Mayor of London is doing little to tackle the air quality issues on the A13 over and above existing standards. Just applying Phase 5 to TfL buses will make little difference to air quality along the A13. I therefore call on the Mayor of London to either reconsider his decision to exempt HGVs from London Low Emission Zone Phase 5 or clarify what alternative action he is taking to make sure EU air quality standards are met along the A13."

The deadline for amendments to these motions is noon on Friday 29 November 2013

For information, attached at Appendix A is the relevant extract from the Council's Constitution relating to the procedure for dealing with motions.

### **Recommendation**

The Assembly is asked to debate and vote on the above motion and any amendments.

<b>Head of Service:</b>  Fiona Taylor	<b>Title:</b>  Head of Legal and Democratic Services	<b>Contact Details:</b>  Tel: 020 8227 3295 Email: <a href="mailto:Fiona.taylor@lbbd.gov.uk">Fiona.taylor@lbbd.gov.uk</a>
<b>Contact Officer:</b>  Margaret Freeman	<b>Title:</b>  Democratic Services Officer	<b>Contact Details:</b>  Tel: 020 8227 2638 Fax: 020 8227 3698 Email: <a href="mailto:Margaret.freeman@lbbd.gov.uk">Margaret.freeman@lbbd.gov.uk</a>

**Extract from the Council Constitution  
Part B, Article 2 - The Assembly**

**14. Motions on issues directly affecting the Borough**

- 14.1 Written notice of any motions must be received by the Chief Executive by no later than 4.00 pm on the Wednesday two weeks before the meeting. *The following provisions exclude a motion moving a vote of no confidence in the Leader of the Council (see paragraph 10 for details)*
- 14.2 The Chief Executive in consultation with the Chair, or in their absence the Deputy Chair, of the Assembly may decide not to place on the agenda any motions that he/she considers are of a vexatious or derogatory nature, or contrary to any provision of any code, protocol, legal requirement or rule of the Council; or that do not relate to the business of the Council or are otherwise considered improper or inappropriate.
- 14.3 The Chief Executive in consultation with the Chair, or in their absence the Deputy Chair, of the Assembly may decide not to place on the agenda any motions the content of which he/she feels forms the basis of a motion already considered at the Assembly within the previous twelve months.
- 14.4 In the event that the Member who submitted the motion is not present at the Assembly meeting, the motion will be withdrawn.
- 14.5 Any motions withdrawn as indicated above, or withdrawn at the request of the Member who submitted the motion, either before or during the meeting, may not be resubmitted to the Assembly within a period of six months. This condition will be waived where the Member, or a colleague on their behalf, has notified the Chief Executive by 5 pm on the day of the meeting of their inability to attend due to their ill health or family bereavement.
- 14.6 Motions will be listed on the agenda in the order in which they are received.
- 14.7 Motions must be about matters for which the Council has a responsibility or which directly affect the borough.
- 14.8 Written notice of any amendments to motions must be received by the Chief Executive by no later than 12 noon on the Friday before the meeting. The same criteria and actions as described in paragraphs 14.3, 14.4, 14.5 and 14.6 will apply in relation to any amendments received.
- 14.9 Any amendments proposed after the time specified in paragraph 14.8 will only be considered for exceptional reasons such as a change in circumstances appertaining to the original motion, in which case the consent of the Chair will be required.
- 14.10 Order/rules of debate:
1. Except with the Chair's consent, the debate on each motion shall last no longer than 10 minutes and no individual speech shall exceed two minutes.

2. The mover will move the motion and explain its purpose.
3. The Chair will invite another Member to second the motion
4. If any amendment(s) has been accepted in accordance with paragraphs 14.8 or 14.9, the Chair will invite the relevant Member to move the amendment(s) and explain its (their) purpose.
5. The Chair will invite another Member(s) to second the amendment(s).
6. The Chair will then invite Members to speak on the motion and any amendments.
7. Once all Members who wish to speak have done so, or the time limit has elapsed, the Chair will allow the mover(s) of the amendment(s) a right of reply followed by the mover of the original motion.
8. At the end of the debate, any amendments will be voted on in the order in which they were proposed.
9. If an amendment is carried, the motion as amended becomes the substantive motion to which any further amendments are moved and voted upon.
10. After an amendment has been carried, the Chair will read out the amended motion before accepting any further amendments, or if there are none, put it to the vote.
11. If all amendments are lost, a vote will be taken on the original motion.