

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 8

meeting date: 27 OCTOBER 2015
title: REVIEW OF FINANCIAL REGULATIONS AND CONTRACT PROCEDURE RULES
submitted by: DIRECTOR OF RESOURCES
principal author: LAWSON ODDIE

1 PURPOSE

- 1.1 To recommend to Council the acceptance of the attached financial regulations and contract procedure rules.
- 1.2 Relevance to the Council's ambitions and priorities: This report contributes to the council's ambition to be a well-managed council providing efficient services based on identified customer needs.

2 BACKGROUND

- 2.1 The council's financial regulations and contract procedure rules are key components of the Council's Constitution and Corporate Governance arrangements.
- 2.2 The existing financial regulations are reviewed on an annual basis and any amendments are reported to committee for approval. It is good practice to keep the financial regulations under regular review in order to take account of evolving working practices.
- 2.3 The council's Contract Procedure Rules have also been reviewed and incorporated as an annex to the council's Financial Regulations.

3 REVIEW OF FINANCIAL REGULATIONS

- 3.1 Attached at (Annex 1) is a revised set of financial regulations covering all aspects of the Council's financial arrangements and activities. They apply to every member and officer of the Council and anyone acting on the Council's behalf.
- 3.2 In the main, the changes that have been made to the financial regulations have been around clarifying interpretation of some of the elements of the regulations.
 - There is further highlighting of the importance of reviewing any new services or processes and ensuring that adequate controls are put in to place. (Section 2: Internal Controls)
 - Requirement wherever financial information is requested from or provided to the council, then the Director of Resources must be consulted (Section 3: Accounting)
 - There has also been a tightening up around the arrangements for virements and their approval. This is to ensure that expenditure is never incurred prior to any approval to transfer budgets. Also further clarification around supplementary estimates and additional capital approvals (Section 6: Budgetary Control)
 - Further details have been given around partnership arrangements and the bidding for external funding. This is to help ensure that the financial implications and risks are fully considered. (Section 9: External Funding and Partnership Arrangements)
 - Some additional points have also been added around the collection of income and the banking of the same (Section 10: Income)

- The procedures around the disposal of assets have been clarified a little more and also reference given to the security of information and the council's Information Governance Framework (Section 13: Security and Inventories)
- 3.3 These financial regulations form part of the Council's Constitution and as a consequence will require the additional approval of Full Council.
- 4 REVIEW OF CONTRACT PROCEDURE RULES
- 4.1 The Contract Procedure Rules (Annex 2) have been fully reviewed, most notably to ensure compliance with the new Transparency Code and also the new Public Procurement Regulations 2015.
- 4.2 Most of the Contract Procedure Rules have been affected by these changes.
- 4.3 These contract procedure rules form part of the Council's Constitution and as a consequence will require the additional approval of Full Council.
- 5 RISK ASSESSMENT
 - Resources – Operating without financial policies and procedures that are fit for purpose exposes the council to very great risks to its resources.
 - Technical, Environmental and Legal – The financial regulations form part of the Council's Constitution. Under the requirements of the Local Government Act 1972 Section 151, the Financial Regulations provide a control framework through which the Director of Resources carries out their statutory duty on behalf of the council.
 - Political – None
 - Reputation – Financial regulations are an important part of the Council's Governance arrangements and will give the public confidence that the Council manages its financial affairs properly.
 - Equality and Diversity – Effective financial and governance arrangements will ensure that equality and diversity matters remain a continued focus
- 6 RECOMMENDED THAT COMMITTEE
- 6.1 Recommend to Full Council acceptance of the Revised Financial Regulations.
- 6.2 Recommend to Full Council acceptance of the Revised Contract Procedure Rules

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

PF60-15/LO/AC
15 October 2015

BACKGROUND WORKING PAPERS:

For further information please ask for Lawson Oddie, extension 4541

Financial Regulations

DRAFT

October 2015



Ribble Valley
Borough Council

www.ribblevalley.gov.uk

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Ribble Valley Borough Council is committed to the delivery of quality services and so needs to be responsive to the changing demands and expectations of its customers.

In support of this aim the Council has a sound financial management framework in place, which is relevant and flexible enough to meet the challenges ahead. For example the changes from the traditional accepted role of local government to one of community leader including the introduction of greater partnership working has a major influence on the delivery of local services. The establishment of Financial Regulations provides the financial controls and procedures necessary to address the modern demands on local government. They also provide clarity about the financial accountabilities of individuals - Members, the Chief Executive (the Head of Paid Service), the Monitoring Officer, the Director of Resources (Section 151 Officer) and other Directors, Heads of Service and staff generally. The Regulations are therefore formally endorsed by the Council as a key part of the Council's Constitution.

The Financial Regulations, as set out here, provide the overall key control framework to enable the organisation to exercise effective financial management and control of its resources and assets. Another key purpose of the Regulations is to support and protect Members and staff in the performance of their duties where financial issues are involved.

These Regulations need to be read in conjunction with the remainder of the Constitution and any other regulatory documents of the Council.

Please address queries or comments regarding the Council's Financial Regulations to the Head of Financial Services.

RIBBLE VALLEY BOROUGH COUNCIL FINANCIAL REGULATIONS

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Section 1: General

WHY ARE THESE REGULATIONS IMPORTANT?

It is important that the Council has a sound and effective financial management framework in place to safeguard the organisation's financial arrangements and activities, to support staff and to minimise risk. The Local Government Act 1972 Section 151 requires the Council to nominate one of its Officers to be responsible for the proper administration of its financial affairs. The Officer so appointed is the Director of Resources. Financial Regulations form part of the Council's approach to corporate governance and provide a control framework through which the Director of Resources carries out their statutory duty on behalf of the Authority.

The Financial Regulations and their application also form part of the Council's performance framework and an assessment of their effectiveness will contribute to the result of any external assessment of the Council.

(1) Application of Financial Regulations

Financial Regulations are the framework for managing the authority's financial affairs. They apply to every Member and Officer of the authority and anyone acting on its behalf:

- (i) These Regulations identify the financial responsibilities of the Council, the Head of Paid Service, the Monitoring Officer, the Section 151 Officer and Directors generally. **References to Directors include the Chief Executive.** References to the Director of Resources refer to their role as Section 151 Officer.
- (ii) **References in these Regulations to Directors, including the Director of Resources, also apply to Heads of Service, and other senior staff and shall in every case be considered as referring to authorised persons acting on their behalf (whether authorised or not).** In certain cases as specified in these Regulations, Directors are required to maintain a written record where decision making has been delegated to members of their staff, including seconded and temporary staff, and to supply up-to-date copies to the Director of Resources.
- (iii) These Regulations apply equally to any service carried out by the Council on behalf of the County Council or any other authority, body or person, and to all external agencies and their employees incurring expenditure or receiving income on behalf of the Council. Accordingly, Directors shall ensure that partnership and other arrangements with external parties are not set up to operate in conflict with these Regulations as far as this Council's involvement is concerned.

- (iv) Any action which is an exception to these Regulations may only be approved in exceptional circumstances by the Director of Resources in consultation with the Chairman of the Policy and Finance Committee and a report setting out the reasons for such action shall be submitted to the next meeting of that Committee.
- (v) These Regulations shall apply until such time as they are rescinded, amended or suspended by the Council.

(2) General responsibility

- (i) All Members and staff have a general responsibility for taking reasonable action to provide for the security of any assets under their control, and for ensuring that the use of resources is legal, is properly authorised, provides value for money and achieves best value.
- (ii) Directors are responsible for informing the Director of Resources of any matter liable to materially affect the finances of the Council including negotiations with government departments, before any commitment is incurred or arrangements reached.

(3) Compliance

Directors are responsible for making all staff in their departments aware of the existence and content of these Financial Regulations and any related Financial Procedure notes and for their compliance with them. They must also make an adequate supply of copies available for reference within their departments.

(4) Review

- (i) The Director of Resources shall maintain a continuous review of the Financial Regulations and, except where provided in (ii) below, submit any necessary additions or changes in law or practice to the Policy and Finance Committee for approval by the Full Council. They shall also report to the Chief Executive and/or Policy and Finance Committee where they consider appropriate any breaches of the Financial Regulations.
- (ii) Any financial amounts referred to in these Regulations may be varied by the Director of Resources in line with general price inflation or otherwise as required by statute
- (iii) The Director of Resources may issue from time to time Financial Procedure Notes to support these Regulations. These will prescribe more-detailed financial controls and procedures consistent with these Regulations and such supplementary controls and procedures shall carry the same status as these Regulations.

Section 2: Internal Controls

WHY ARE THESE REGULATIONS IMPORTANT?

The functions of the Authority are diverse and therefore to ensure delivery of the Council's strategic objectives, a framework of internal controls is required.

The Authority has statutory obligations and therefore requires internal controls to identify, meet and monitor compliance with these obligations. Moreover the Council is required to conduct an annual review of the effectiveness of its system of internal control and present an Annual Governance Statement alongside the Annual Statement of Accounts.

The Authority faces a wide range of financial, administrative and commercial risks, from both internal and external factors, which need to be managed to enable the Council to achieve its objectives. Internal controls are necessary to manage these risks.

A system of internal controls is established in order to provide measurable achievement of: (a) efficient and effective operations, (b) reliable financial information and reporting, (c) compliance with laws and regulations, and (d) risk management.

- (1) The Director of Resources has statutory duties in relation to the financial administration and stewardship of the authority. This responsibility cannot be overridden. The statutory duties arise from:
 - (i) Section 151 of the Local Government Act 1972
 - (ii) The Local Government Finance Act 1988
 - (iv) The Local Government and Housing Act 1989
 - (iv) The Accounts and Audit Regulations ~~2011~~2015
 - (v) The Local Government Act 2003.

- (2) The Director of Resources is responsible for:
 - (i) the proper administration of the authority's financial affairs
 - (ii) setting financial management standards and monitoring compliance with them
 - (iii) advising on the corporate financial position and on the key financial controls necessary to secure sound financial management
 - (iv) providing financial information
 - (v) preparing the revenue budget and capital programme
 - (vi) treasury management
 - (vii) reporting on the robustness of estimates made for the purposes of preparing budgets and the adequacy of the proposed financial reserves.

- (3) The Director of Resources shall report to the Full Council and external auditor in fulfilment of their statutory obligations under Section 114 of the Local Government Finance Act 1988 or otherwise if the authority or any of its Officers:
- (i) has made, or is about to make, a decision which involves incurring unlawful or unauthorised expenditure
 - (ii) has taken, or is about to take, an unlawful or unauthorised action which has resulted or would result in a loss or deficiency to the authority
 - (iii) has made or is about to make an unlawful or unauthorised entry in the authority's accounts.
- (4) Directors are responsible for ensuring that:
- (i) Service Committees are advised of the financial implications of all proposals and that these have been previously agreed by the Director of Resources.
 - (ii) contracts are duly signed on behalf of the authority
 - (iii) the approval of the Director of Resources is sought on any matter liable to affect the authority's finances materially, before any commitments are incurred.
- (5) The Director of Resources shall assist the Council to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective operations, financial stewardship, probity and compliance with laws and regulations.
- (6) Directors shall ensure that:
- (i) managerial control systems operate effectively throughout their departments. These will include the defining of policies, the setting of objectives and plans, the monitoring of financial and other performance, and the taking of appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities and ensuring staff have a clear understanding of the consequences of any lack of control
 - (ii) financial and operational control systems and procedures operate effectively throughout their departments. These will include physical safeguards for assets, segregation of duties, checking and authorisation procedures and information systems
 - (iii) key controls and control objectives for internal control systems are reviewed regularly in order to be confident as to the proper use of resources, achievement of objectives and management of risk.
 - (iv) processes are managed so as to check that established controls are being adhered to and are effective

- (v) existing controls are reviewed in the light of changes affecting the authority and new controls are established and implemented in line with guidance from the Director of Resources.
 - (vi) controls which are no longer necessary, or no longer cost or risk effective, are removed.
 - (vii) where new services or processes are introduced, then adequate controls are put in to place immediately to ensure the proper use of resources, achievement of objectives and management of risk.
- (7) The Director of Resources shall ensure that there is an effective and properly resourced internal audit function.

Section 3: Accounting

WHY ARE THESE REGULATIONS IMPORTANT?

Maintaining proper accounting records is one of the ways in which the authority discharges its responsibility for stewardship of public resources. The authority has a statutory duty to prepare its Annual Statement of Accounts in a way which gives a true and fair view of its operations during the year. The accounts are subject to external audit, which provides assurance that they have been prepared properly, that proper accounting practices and statutory requirements have been followed and that quality arrangements have been made for securing economy, efficiency and effectiveness in the use of the authority's resources. There is also a statutory right for members of the public to inspect the accounts and relevant supporting documentation.

- (1) The Director of Resources is responsible:
 - (i) for selecting and applying appropriate accounting policies
 - (ii) for determining accounting procedures and records.
- (2) The Director of Resources shall:
 - (i) make arrangements for the proper administration of the authority's financial affairs
 - (ii) apply accounting policies consistently
 - (iii) maintain proper accounting records
 - (iv) make an annual report to the Policy and Finance Committee on the financial outturn for the previous financial year
 - (v) ensure that the Statement of Accounts for that year is completed, approved by the Accounts and Audit Committee and published within the corporate and statutory timetable and in accordance with relevant Codes of Practice.
- (3) Directors shall ensure:
 - (i) that all the authority's transactions, material commitments, contracts and other essential accounting information are recorded completely, accurately and promptly.
 - (ii) that in the allocation of accounting duties of any kind:

- (a) the duty of providing information, calculating, checking and recording sums due to or from the Council shall be separated as completely as possible from the duty of collecting or disbursing such sums.
- (b) Officers charged with the duty of examining and checking the accounts of cash or stores transactions shall not themselves be engaged in any of those transactions.
- (iii) that any Financial Procedure Notes prescribed by the Director of Resources are fully complied with.
- (iv) that the Director of Resources is supplied with such information as may be requested from time to time for the purpose of the proper administration of the Council's affairs.
- (v) that all returns or claims that request financial information shall be completed in consultation with the Director of Resources, who shall be satisfied as to their correctness before they are submitted.
- (vi) that the Director of Resources is provided with copies of all Government or other circulars, orders, sanctions, approvals and regulations which may have a financial implication.

Section 4: Revenue Budget

WHY ARE THESE REGULATIONS IMPORTANT?

The Council is responsible for producing an overall policy framework. The purpose of the framework is to explain overall priorities and objectives, and ensure that resources follow the identified priorities, current performance and proposals for improvement. The revenue budget is important in this context because, together with the capital programme (see Section 5), it expresses the approved policies and service levels of the Council in financial terms.

Once approved, the revenue budget confers authority on managers to incur expenditure to achieve the aims and objectives of the Council. If expenditure plans cannot be met within the approved budget, then they can only proceed with an approval to divert funds (as provided for in Section 6(4)).

- (1) The Director of Resources shall:
 - (i) recommend to the Policy and Finance Committee appropriate guidelines for preparation of the annual budget and the financial forecast for at least the following two financial years
 - (ii) issue appropriate guidance to Directors and Members and prepare a corporate budget timetable
 - (iii) ensure the approved budget guidelines are complied with so that statutory and other deadlines can be met.
- (2) Directors shall:
 - (i) submit to the Director of Resources estimates in accordance with the budget guidelines and within agreed time scales
 - (ii) ensure that the estimates are prepared having regard to the Council's Corporate Strategy and other corporate aims and objectives
 - (iv) provide any other information the Director of Resources may require.
- (3) The Director of Resources shall report to the Policy and Finance Committee:
 - (i) on the detailed draft revenue estimates, ensuring that the content and format comply with legal requirements and relevant codes of practice
 - (ii) on the robustness of the estimates made for the purposes of calculations and the adequacy of the proposed financial reserves

- (iii) on any significant surplus or deficit arising on the Collection Fund with a recommended course of action
 - (iv) on the final proposed budget to enable the Policy and Finance Committee to make a recommendation to Full Council on the appropriate levels of contingencies and reserves, and on the levels of Council Tax for the year.
- (4) Subject to (5) below, the approval of a budget for the year by Full Council confers authority to spend in accordance with the budget for that year. Commitments affecting future financial years may only be made where the provisions of Section 6(6) are satisfied. Directors are responsible for coordinating programmes of expenditure and income that will achieve the objectives on which the budget was based.
- (5) Directors shall not enter into any new arrangements or other contractual commitments with long-term revenue consequences without the prior written consent of the Director of Resources. Such arrangements may be defined for this purpose as any lease, contract hire or other contract or series of contracts under which the use of an asset is obtained in exchange for a series of revenue payments which extend beyond the end of the following financial year.
- (6) If a Director wishes to incur expenditure outside the approved budget provision, or anticipates an underspend against an approved budget head, the procedures set out in Section 6(4) and (5) shall apply.
- (7) Directors shall notify the Director of Resources in writing of the names of any Officers in their department authorised to act on their behalf in relation to the specific responsibilities set out in this Section, together with specimen signatures and details of any limitation on the authority delegated to them.

Section 5: Capital Programme

WHY ARE THESE REGULATIONS IMPORTANT?

The revenue budget (Section 4) and the capital programme together express the approved policies and service levels of the Council in financial terms. It is important to ensure that the Council achieves maximum economy, efficiency and effectiveness from the use of its capital resources and directs those resources into the agreed priority areas. ~~Unlike the revenue budget however, due to the uncertainty of capital resources and the timing of capital projects, total capital expenditure is often over or underprogrammed against estimated resources, so special controls are needed to ensure commitments do not exceed the resources available.~~

- (3) The Director of Resources shall:
- (i) prepare current estimates of resources available to finance capital expenditure in the current year and over at least the following two financial years
 - (ii) prepare a capital programme for approval annually by the Policy and Finance Committee and Full Council based on the current Council's Corporate Strategy, and other relevant corporate plans and strategies.
- (4) Directors shall:
- (i) submit to the Director of Resources upon request estimates of the cost of capital spending proposals and the estimated amount and timing of any capital receipts, commuted sums and other contributions receivable
 - (ii) ensure that the estimates submitted are prepared having regard to the Council's Corporate Strategy and other corporate aims and objectives described in 3(ii)
 - (iii) provide any other information the Director of Resources may require for the review, monitoring or control of the capital programme.
- (5) In working up any capital scheme, Directors shall have regard to the risk of triggering clawback or breaching restrictive covenants or other contractual conditions in relation to land or otherwise.
- (6) The inclusion of a capital scheme within an approved capital programme shall confer authority to spend, ~~including expenditure which may fall in a subsequent financial year, on those schemes in year 1 of the 3-year capital programme, with schemes in years 2 and 3 being subject to the annual review of the capital programme. Authority to spend is~~ subject to:

- (i) the provisions of the Council's Contract Procedure Rules
 - (ii) the provisions of (7) below
 - (iii) the Director of Resources having first confirmed in writing that sufficient resources are available for the purpose.
- (7) If a Director wishes to incur expenditure outside the approved capital programme provision, then a request must be submitted to the relevant service committee. The service committee must then make recommendation of approval of such in to the capital programme to Policy and Finance Committee
- (8) Directors shall give the Director of Resources early warning of known underspends, overspends and changes to planned resources so that the availability of uncommitted capital resources may be monitored effectively.
- (9) Directors shall notify the Director of Resources in writing of the names of any Officers in their department authorised to act on their behalf in relation to the specific responsibilities set out in this Section, together with specimen signatures and details of any limitation on the authority delegated to them.

Section 6: Budgetary Control

WHY ARE THESE REGULATIONS IMPORTANT?

Budgetary control ensures that once Full Council has approved a revenue budget or a capital programme, the resources allocated are used for their intended purposes, i.e. the agreed priority areas, and are properly accounted for. It is a continuous process, enabling the authority to review and adjust its budget targets during the financial year to make the most effective use of resources in delivering the Council's policies and objectives. The budgetary control framework also sets out the accountabilities of managers for defined elements of the budget.

By continuously identifying and explaining variances against budgetary targets, the authority can identify changes in trends and resource requirements at the earliest opportunity.

To ensure that the authority as a whole does not over or underspend, each service is required to manage its own expenditure within approved resources and to identify any surplus resources for diversion to other programme areas. A mechanism is provided for switching funds between budget heads, including contingencies and reserves, where required, in order to maintain service levels and achieve policy objectives.

(1) Overall responsibility for budgetary control

The Director of Resources is responsible:

- (i) to the Council for the overall financial control of the revenue budget and capital programme
- (ii) for providing quarterly monitoring reports
- (iii) for subdividing service budgets within the overall budget framework according to Council structure and services, having regard to relevant Codes of Practice
- (iv) for allocating the revenue budget and capital programme wholly among responsible Directors
- (iv) for supplying timely information on receipts and payments on each budget head and capital scheme, sufficiently detailed to enable managers to fulfill their budgetary control responsibilities.

(2) Responsibility for control of individual budgets

Directors are responsible:

- (i) for the revenue budgets and capital programmes allocated to them, for delivering the levels of service on which they were based, and for compliance with their financial obligations
- (ii) for monitoring levels of service and performance within services, as measured by expenditure and income incurred against relevant budget heads and capital programme provision
- (iii) for seeking virements, either to increase or to reduce the provision allocated to particular budget heads or capital schemes, in accordance with (4) below in order to maintain budget provisions in line with the service levels required and

Directors:

- (i) may exercise powers delegated to them to enter into new financial commitments, including commitments relating to recruitment and remuneration of staff, **only where adequate provision has been made** in the revenue budget or capital programme and where the revenue consequences for future financial years are in accordance with (6) below
- (ii) shall provide any additional information the Director of Resources may require.

(3) Variances from budget

The Director of Resources is responsible

- (i) for reporting significant variances to the Policy and Finance Committee where a Director fails to take action under (4) to (6) below
- (ii) for agreeing annually:
 - (a) a list of expenditure proposals for which revenue budget provision had been made in the previous year and for which the particular goods or services had not been supplied before the financial year end.
 - (b) a list of expenditure proposals on capital schemes for which provision had been made in the capital programme for the previous year but which was under or overspent.

(4) Virements between budgets

Subject to appropriate consultation with the Director of Resources, budget allocations may be moved between revenue budget heads (including contingency provisions) for the purpose of maintaining approved service levels, in accordance with the following scheme of virements:

(i) Revenue Budgets

All requests must be approved by the Service Director and also the Director of Resources. Further approval from committees must also be given in accordance with the details shown below

Over £10,000 also by the Service Committee

Over £25,000 also by Policy and Finance Committee

(ii) Capital Budgets

Any request for virement between capital schemes must be approved by the service committee and Policy and Finance Committee.

No virement can take place between a revenue and a capital budget.

~~Virements from direct employee cost budgets will not normally be approved, and virements from income budgets will only be considered if the full year budget has already been achieved.~~

~~In making any virement decision, due regard shall be had to any budget implications for future financial years.~~

(iii) Virement Requests

Unless in circumstances seen as exceptional by the Director of Resources:

- approval will only be given to requests for virements made prior to the commitment of any expenditure. Virements cannot be used as a retrospective tool
- virements will not be approved from budgets in respect of direct employee costs
- virements will only be considered from income budgets once the full year income budget has been achieved, or is certain of being achieved (i.e. through written grant approvals)

In making any virement decision, due regard shall be had to any budget implications for future financial years.

(5) Supplementary estimates

(i) Revenue expenditure

Where no provision currently exists in the revenue budget, or where the provision made for an existing budget head is insufficient and a virement is

not available under (4) above, then new or additional budget provision may only be established with the approval of the Policy and Finance Committee and in making any such decision, shall have due regard to any budget implications for future financial years.

Any request for a supplementary estimate must only be made by the relevant Service Director and with approval of the Director of Resources, and must first be requested from the service committee, with a reference then to be made to Policy and Finance Committee for approval

(ii) Capital expenditure

Where no provision currently exists in the capital programme, or where an existing provision is insufficient and a virement is not available under (4) above, then, new or additional provision may only be established for the scheme with the approval of the Policy and Finance Committee, who in making any such decision, shall pay due regard to any implications for the capital programme or revenue budget in future financial years.

Any request for an additional approval must only be made by the relevant Service Director and with approval of the Director of Resources, and must first be requested from the service committee, with a reference then to be made to Policy and Finance Committee for approval

(iii) Partnership Expenditure and External Funding

Where no provision currently exists in the revenue budget or capital programme for specific projects or activities which are to be wholly or partly funded by external agencies or partners, then the above criteria for virements and supplementary estimates will apply to the value of the Council's net financial contribution to the revenue or capital cost of the project.

The Director of Resources is empowered to adjust revenue budgets and capital programmes to reflect the gross value of all such arrangements and transactions.

Directors and Heads of Service must liaise with the Director of Resources, and refer to Section 9 of these Regulations, **prior** to undertaking any bidding for external funding or setting up any partnerships.

(6) Commitments of revenue expenditure affecting future financial years.

The following arrangements shall apply in relation to the commitment of expenditure prior to the approval of the revenue budget for the financial year concerned:

- (i) Directors may commit expenditure affecting future financial years provided the estimated cost in real terms does not exceed the current year's budget provision and that the written consent of the Director of Resources is obtained.
- (ii) Directors may only commit expenditure on new or extended services with the approval of the relevant Service Committee and Policy and Finance Committee

(7) Delegation

Directors shall notify the Director of Resources in writing of the names of any Officers in their department authorised to act on their behalf in relation to the specific responsibilities set out in this Section, together with specimen signatures and details of any limitation on the authority delegated to them.

(8) Other matters affecting budgets

Directors are responsible for alerting the Director of Resources of any issues with the potential to affect revenue or capital budgets or resources in the current year or future years, and where significant the Director of Resources shall report such matters to the Policy and Finance Committee.

Section 7: Procuring and paying for Works, Supplies and Services

WHY ARE THESE REGULATIONS IMPORTANT?

The letting of public contracts should be done with demonstrable transparency and in accordance with Council policies, including the policy on fraud and corruption. It is essential for maintaining public confidence that the Council and its Officers are seen to act with complete fairness and impartiality in the letting of contracts.

The Council has a statutory duty to achieve best value, partly through economy and efficiency. There is also a local performance indicator measuring and reporting on the time taken by the Council to pay its creditors. The Council's procedures should help to ensure that services obtain value for money from their purchasing arrangements.

These Regulations should be read in conjunction with the Council's Contract Procedure Rules and its Procurement Strategy.

(1) Placing Orders for Works, Supplies and Services

- (i) Where, **over the anticipated lifetime of supply**, the estimated value of any works, supplies or services to be received by the Council exceeds £50,000 **(excluding VAT)**, Directors shall invite tenders in accordance with the Contract Procedure Rules
- (ii) Where, over the anticipated lifetime of supply, the estimated value of any works, supplies or services to be received by the Council is below £50,000 **(excluding VAT)**, Directors may at their discretion invite tenders in accordance with the Contract Procedure Rules
- (iii) In all other cases, Directors shall place orders, using the corporate purchasing system, only in accordance with arrangements determined by the Director of Resources and set out in the Contract Procedure Rules. Such arrangements set different thresholds for different levels of control.

(2) Other contract terms

Directors shall:

- (i) in consultation with the Director of Resources include in every contract appropriate clauses to cover financial and insurance requirements, and to provide sufficient security for due performance
- (ii) put in place adequate procedures for the effective cost control of all contracts.

- (iii) ensure the full involvement of the Head of Legal and Democratic Services and Procurement Assistant **prior** to commencement of the tender process.

(3) Receipt of Works, Supplies and Services

Directors shall put in place adequate systems for verifying the performance of work or the receipt of supplies and services. In particular controls shall be established to ensure that:

- (i) work done or supplies and services received are as specified
- (ii) quality or workmanship is of the required standard
- (iii) appropriate entries are made in inventory, stock or other records.

(4) Payment for Works, Supplies and Services

- (i) Directors shall make adequate and effective arrangements approved by the Director of Resources for checking and certifying invoices and other requests for payment without undue delay
- (ii) Unless covered by (iii) below or where otherwise approved by the Director of Resources, all payments shall be made by crossed cheque or automated bank transfer drawn on a bank account of the Council. Payments may only be made by direct debit or corporate credit card with the **prior** approval of the Director of Resources.
- (iii) Minor items of expenditure, up to a limit set by the Director of Resources, may be paid under petty cash procedures.

(5) Delegation

Directors shall notify the Director of Resources in writing of the names of any Officers in their department authorised to act on their behalf in relation to ordering and paying for works, goods or services, together with specimen signatures and details of any limitation on the authority delegated to them.

(6) General

- (i) Every Member and Officer engaged in contractual or purchasing decisions on behalf of the Council shall declare to the Head of Legal and Democratic Services any links or personal interests they may have with purchasers, suppliers and contractors, and shall comply with the provisions of the appropriate codes of conduct.

- (ii) Directors shall ensure that as far as is practicable the duties of ordering works, supplies or services, receiving them and certifying payment are not performed by the same Officer.

Section 8: Work carried out for others

WHY ARE THESE REGULATIONS IMPORTANT?

Legislation enables the Council to provide a range of services to other bodies. Such work may help maintain economies of scale and existing expertise. It may also be helpful to share the Council's facilities, expertise and resources with others under partnership arrangements. Effective controls should be in place to ensure that any risks associated with such work are minimised and that the work falls within the Council's statutory powers

- (1) Financial Regulations apply equally to any service carried out by the Council on behalf of the County Council or any other authority, body or person, and Directors shall not set up partnership or other arrangements with external parties to operate in conflict with these Regulations as far as this Council's involvement is concerned.
- (2) Directors shall:
 - (i) properly assess the financial implications of the proposal prior to commitment following consultation with the Director of Resources.
 - (ii) draw up contracts in consultation with the Head of Legal and Democratic Services, having regard to the Council's powers, relevant policies and protocols and in compliance with any insurance or other requirements of the Director of Resources.

Section 9: External funding and partnership arrangements

WHY ARE THESE REGULATIONS IMPORTANT?

Partnerships play a key role in delivering community strategies and in helping to promote and improve the well being of the District. The Council works in partnership with others - public agencies, private companies, community groups and voluntary organisations - and its distinctive leadership role is to bring together the contributions of the various stakeholders. The Council will mobilise investment, bid for funds, champion the needs and harness the energies of local people and community organisations. It will be measured by what it achieves in partnership with others.

Partnerships can provide ways to access new resources and share risk. They can also lead to innovative and improved ways of delivering services whilst forging new relationships. Whilst external funding is a very important source of income, funding conditions need to be carefully considered to ensure they are compatible with the aims and objectives of the Council. In some instances, tight specifications may not be flexible enough to link to the authority's overall plan. Also, new ways of working can increase the Council's exposure to fraud and to irregularities in the operation of, for example, VAT, insurances, and pay.

(1) Bidding for external funding

- (i) Directors shall seek external resources only to further the priorities and aims of the Council's Corporate Strategy.
- (ii) Before making a bid for resources which, if successful, would require any financial commitment from the Council, Directors shall ensure that appropriate budgets have been approved or earmarked in accordance with these Regulations
- (iii) In working up bids, Directors shall use appropriate project appraisal processes to assess the viability of the project in terms of resources, staffing and expertise, to identify and assess all potential risks, and to ensure achievement of the required outcomes.
- (iv) Completion of any bidding application must be carried out in consultation with the Director of Resources

(2) Setting up partnerships

- (i) Directors shall agree and accept formally in writing the roles and responsibilities of each of the partners involved in a partnership project before the project commences

- (ii) Where the Council is to be the lead partner, or the accountable body where other ~~public~~ funds are involved, the responsibilities of the Council and the obligations of the various partners are to be clearly defined and understood through the involvement of the Head of Legal and Democratic Services prior to commencement of the project. The Council will only enter into such arrangements where the council has a direct interest in the partnership.
- (iii) Directors shall consult the Director of Resources on:
 - (a) any financial control, insurance, VAT implications and audit requirements to be incorporated in the partnership arrangements
 - (b) the overall financial implications for the Council
- (iv) Prior to entering into any commitment, the relevant Director shall ensure that any match funding or other financial obligations of the Council are provided for within revenue or capital programmes and that arrangements are made for future years' financial provisions to reflect these obligations. This should include any audit and other consequential fees as appropriate.
- (v) Unless otherwise approved by the Director of Resources in writing, where the Council is to act as accountable body, banking arrangements will be through the Council's main bank account and all transactions will be processed through the Council's financial systems

(3) Working with partners

- (i) **These Financial Regulations and the Council's Contract Procedure Rules shall apply equally to any orders for works, goods or services which are the responsibility of the Council under the partnership arrangements**
- (ii) The relevant Director shall comply with any key conditions of funding and any statutory requirements
- (iii) Any variation in resources to be contributed by the Council, or in the overall resources of the partnership where the Council is the accountable body, shall be dealt with in the same way as other budget variations as set out in Section 6 (Budgetary Control)
- (iv) The relevant Director shall ensure that any financial control, insurance and audit requirements of the partnership are met
- (v) The relevant Director shall communicate regularly with the other partners throughout the project so that problems are identified and shared to achieve their successful resolution.

(4) Delegation

Directors shall notify the Director of Resources in writing of the names of any Officers in their department authorised to act on their behalf in relation to the specific responsibilities set out in this Section, together with specimen signatures and details of any limitation on the authority delegated to them.

Section 10: Income

WHY ARE THESE REGULATIONS IMPORTANT?

It is essential that all income due to the Council is identified, collected, receipted and banked promptly. To achieve this it is necessary to put effective income systems in place. It is preferable to obtain income in advance of supplying goods or services as this improves the authority's cash flow and also avoids the time and cost involved in administering debts.

(1) General

Directors shall implement arrangements made by them under this Section only with the approval of the Director of Resources.

(2) Prompt identification of sums due to the Council

Directors shall make adequate and effective arrangements for the prompt identification of all sums due to the Council.

(3) Prompt recording in the Council's accounts of all sums due

- (i) Directors shall make adequate and effective arrangements for recording all sums due in the Council's accounts
- (ii) Accounts for sums due may only be raised on the Council's corporate Sundry Debtors system, unless alternative arrangements have been approved by the Director of Resources.

(4) Collection and receipting of all income

All income received by the Council must be acknowledged by the issue of an official receipt or by another approved method indicating payment has been received.

All money received by an officer on behalf of the Council must be paid to the Council's bank account as the Director of Resources may determine and at intervals taking in to account the security of the premises. No deductions are to be made from such monies and personal cheques are not to be cashed out of monies held on behalf of the Council. Any refunds must be made only through the council's official payments system, unless agreed by the Director of Resources.

Arrangements for opening incoming mail must ensure that any money received is immediately recorded and paid in to the cash office.

The council's cash handling procedures shall be followed by all officers.

Directors shall make adequate and effective arrangements for the collection and receipting of all income and for the security of all cash and other valuables having regard to agreed insurance limits for locked safes.

(5) Control of Tickets and Receipts

Official receipts, tickets, tokens, etc., shall be ordered, controlled and issued only under arrangements approved by the Director of Resources.

(6) Banking of income

The Director of Resources shall make arrangements for the prompt and secure transfer of cash from the Council's offices to the Council's bankers.

(7) Reconciliation of income

Directors shall make adequate and effective arrangements for the sums collected and banked to be reconciled with the records of sums due.

(8) Debt recovery

In all cases Directors shall take prompt and appropriate actions to recover all sums overdue to the Council and ensure that the corporate debt recovery policy is followed.

(9) Writing off sums due

(i) Directors are responsible for recommending the write off of irrecoverable debts to the Director of Resources and for ensuring that the corporate debt write-off policy is followed.

(ii) Where an individual debtor owes the Council no more than £1,000, the Director of Resources may approve the write off of that debt where there is satisfactory evidence that it is irrecoverable. In any other case, the debt may be written off only with the approval of the Policy and Finance Committee.

(10) Reviews of fees and charges

Directors shall, in consultation with the Director of Resources, review all fees and charges at least annually in accordance with guidelines approved by the Policy and Finance Committee. On completion of each review, the relevant schedule of proposed fees and charges shall be presented to the appropriate Service Committee for approval.

(11) Segregation of duties

The duty of providing information, calculating, checking and recording sums due to or from the Council shall be separated as completely as possible from the duty of collecting such sums.

Section 11: Value Added Tax

WHY ARE THESE REGULATIONS IMPORTANT?

Value Added Tax (VAT) is a tax applied to many of the goods and services the Council either buys in or supplies to others. VAT therefore impacts on many of the Council's financial transactions. Whilst generally speaking the Council is able to reclaim the VAT it pays on buying in goods and services, this ability is limited in relation to certain types of services made by the Council. VAT is a very complex tax, particularly where it relates to land and property transactions and partnership arrangements. It is essential that the VAT implications of all major projects, partnership arrangements and land and property transactions be evaluated well in advance of commitments being made. If this is not done the Council could be faced with a substantial irrecoverable VAT bill that is both unplanned and unbudgeted. HM Revenue & Customs also have the power to impose penalties (fines) for late or non-compliance with VAT rules.

- (1) The Director of Resources is responsible for the determination of all arrangements for the collection, recording, payment and recovery of VAT.
- (2) The Director of Resources shall:
 - (i) maintain complete and accurate accounting records of all the Council's VAT transactions
 - (ii) submit the Council's VAT return to HM Revenue and Customs monthly in accordance with statutory deadlines
 - (iii) prepare the Council's partial exemption calculation as at the end of each financial year and monitor the Council's partial exemption position quarterly
 - (iv) conduct all negotiations with HM Revenue and Customs in respect of VAT matters affecting the Council
 - (v) provide guidance, advice and training to Council staff on all aspects of VAT as they affect the Council
 - (vi) publish and regularly update appropriate VAT guidance notes on the Council's intranet.

- (3) Directors shall:
- (i) properly account for VAT on all transactions under arrangements determined by the Director of Resources
 - (ii) consult the Director of Resources in all cases where the VAT treatment of any transaction is unclear so that the matter can be reviewed and appropriate treatment determined
 - (iii) consult the Director of Resources in all cases where new projects, schemes or services are proposed, well in advance of commitments being made, so that any impact on the Council's VAT position can be assessed and any necessary action taken to protect the Council's VAT recovery position
 - (iv) co-operate with any VAT inspector and give access at all reasonable times to premises, personnel, documents and assets which they consider necessary for the purposes of their work.
-

Examples of activity with potential VAT implications

Examples of the types of new activity that could have an impact on the Council's VAT position are shown below. However, this list is not exhaustive and consultation should take place when any new or innovative scheme is proposed: -

- a new service
 - a significant extension to an existing service
 - a capital new-build scheme
 - a land or property transaction, including any involving a land exchange
 - a new or extended partnership arrangement
 - a scheme involving third party funding
 - an agency arrangement
 - any scheme where there is consideration in kind
 - a project where the council is to act as accountable body, or project manager
 - a new capital scheme in a service area where a large proportion of income is exempt from VAT (i.e. leisure services)
-

Section 12: Banking and Cheques

WHY ARE THESE REGULATIONS IMPORTANT?

The Council has a duty to ensure that all monies are properly safeguarded and only utilised for authorised purposes. It is therefore necessary to have controls to ensure the proper authorisation and control of all bank accounts, all payments made from them and all income deposited.

(1) Operation of bank accounts

(i) The Director of Resources is responsible for opening, closing and operating all bank accounts and related facilities in the Council's name

(ii) All communications with the Council's bankers concerning its bank accounts and any changes in banking arrangements shall be made under arrangements approved by the Director of Resources.

(iii) No bank accounts shall be opened in any name other than the Council's name, unless approved in writing by the Director of Resources. The signatories on any such approved bank accounts must also be approved by the Director of Resources in writing.

(2) Authorisation of signatories

Only Officers personally mandated by the Director of Resources and approved by the Policy and Finance Committee may sign cheques and other documents transferring funds out of the Council's bank accounts.

(3) Payments from Council bank accounts

(i) All payments from the Council's bank accounts shall be, so far as is practicable, by crossed cheque or automated bank transfer but the Director of Resources may exclude from this regulation such payments as may be considered appropriate from time to time.

(ii) No payments shall be made from the Council's bank accounts unless approved personally by a signatory authorised in accordance with (2) above.

(4) Custody of cheques

(i) All cheques and related stationery shall be ordered and controlled by the Director of Resources

(iii) The safe custody and issue of cheques and related stationery shall be carried out under arrangements made by the Director of Resources.

(5) Banking of income

The Director of Resources shall make arrangements for the prompt and secure transfer of cash from the Council's offices and facilities to the Council's bankers.

(6) Reconciliation

The Director of Resources shall regularly reconcile the Council's bank accounts with the accounting records.

Section 13: Security and Inventories

WHY ARE THESE REGULATIONS IMPORTANT?

The authority holds assets in the form of land and buildings, fixed plant, vehicles and machinery, furniture and equipment, software and data, cash and other items of value (eg stocks and stores, tickets and vouchers). It is important that assets are used efficiently in service delivery, that they are adequately insured and that there are arrangements for the security of both assets and information required for service operations. Up to date records are a prerequisite for sound asset management. See also Sections 14 (Stocks and Stores), 15 (Computer Systems) and 16 (Insurances).

1) Proper use of the Council's resources

Resources are to be used solely for the purposes of the authority unless authorised otherwise by the Council, and are to be properly accounted for.

2) Asset register

The Chief Executive is responsible, in consultation with other Directors, for the compilation and maintenance of an asset register covering land and property and other fixed assets

3) Inventories

- (i) Each Director is responsible for maintaining an inventory of moveable assets under procedures determined by the Director of Resources
- (ii) Inventories are to be reviewed at least once each year and an updated copy supplied to the Director of Resources.

4) Security

Directors shall make proper arrangements for:

- (i) the security of all buildings and other assets under their control
- (ii) the safe custody of all documents held as security.

5) Disposal of Assets

The Council has a duty to obtain the best price reasonably obtainable when any assets are disposed of.

The Head of Legal and Democratic Services may approve the disposal of any land and property below the value of £50,000. Approval must be sought from the relevant service committee and Policy and Finance Committee for the disposal of any land and property of £50,000 or above.

The Director of Resources must also be consulted on any proposed method of disposal in order to ensure that such methods meet the best interests of the Council and would maximise any financial return to the Council.

~~The Director of Resources and the Council's Monitoring Officer are responsible for producing the procedures that must be followed for any asset disposals.~~

Each Director is responsible for ensuring that asset disposals are in accordance with these procedures.

6) Security of Information

Directors shall maintain proper security, privacy and use of information held in computers and all other recording systems, including manual systems, under their control and ensure all employees are aware of and comply with the Council's Information Governance Framework and associated policies.

Section 14: Stocks and Stores

WHY ARE THESE REGULATIONS IMPORTANT?

The Council holds many different types of stocks and stores. It is important that these assets are safeguarded and used efficiently in service delivery. There therefore need to be adequate arrangements for the receipt, security and issue of stocks and stores and for the disposal of surplus or redundant items.

(1) Receipt, Control and Custody

Directors shall make adequate and effective arrangements for the custody, care and physical control of all stocks and stores in their departments.

(2) Stocks and Stores Records

- (i) In consultation with the Director of Resources, Directors shall maintain adequate records of all issues and other movements of stocks and stores
- (ii) Directors shall provide to the Director of Resources each year a stock certificate detailing stocks and stores in hand at 31 March.

(3) Maintenance of stocks

- (i) Directors shall maintain stocks at reasonable levels and subject them to a regular independent physical check
- (ii) All discrepancies shall be investigated, pursued to a satisfactory conclusion and removed from the authority's records by making stock adjustments as necessary. Gains and losses resulting from stock adjustments shall only be written off or adjusted in the records under arrangements approved by the Director of Resources.

(4) Disposal of surplus, obsolete or redundant stocks

Directors shall ensure that all stocks and stores no longer required are disposed of economically under arrangements approved by the Director of Resources.

(5) Delegation

Directors shall notify the Director of Resources in writing of the names of any Officers in their department authorised to sign stock certificates and other related matters on their behalf, together with specimen signatures and details of any limitation on the authority delegated to them.

Section 15: Computer Systems

WHY ARE THESE REGULATIONS IMPORTANT?

A very high reliance is placed on computer systems for all aspects of the Council's business, including financial and management information. Systems therefore need to be fit for purpose, well managed and secure. The information stored must be accurate, the systems and the supporting infrastructures secure, and procedures sound and well administered.

- (1) New computer systems and changes to existing systems shall only be introduced with the approval of the ICT Manager and, for financial systems or those that interact with such systems, with the additional approval of the Director of Resources.
- (2) The Head of Financial Services, together with the ICT Manager shall:
 - (i) ensure that any new or significantly changed system is in accordance with the Council's ICT strategy.
 - (ii) assist in the selection of all new computer systems, manage effectively the technical process of implementation and assist in ensuring that all staff are properly trained in their use.
 - (iii) ensure that the Council's infrastructure, systems and data are secure
 - (iv) make proper arrangements to protect central computer equipment against loss or damage through theft or misuse
 - (v) put in place a documented and tested disaster recovery system and review it regularly
 - (vi) issue mandatory standards and guidelines governing the use of all computer systems and monitor their use to ensure that they are adhered to.
- (3) Directors shall:
 - (i) ensure that computer systems are fit for the purpose of their business function
 - (ii) make staff aware of and ensure that they comply with the Council's ICT standards

- (iii) train all staff in the proper and effective operation of any computer systems they are required to use and ensure that system administrators are appointed, trained and managed
- (iv) restrict user access to systems and data held on computer systems as appropriate
- (v) ensure that processing is genuine, complete, accurate and timely and that an audit trail exists to original documentation
- (vi) ensure that information generated by computer systems is accurate and complete and that it is communicated to appropriate managers on a timely basis
- (vii) put in place appropriate and effective contingency arrangements to maintain services in the event of any potential computer failure
- (viii) register any personal information in accordance with data protection legislation and make staff aware of their responsibilities under the relevant law
- (ix) make proper arrangements to protect departmental computer equipment against loss or damage through theft or misuse
- (x) comply with data protection, computer misuse, software licensing, copyright, design and patent legislation and any other relevant legislation, and in particular ensure that only software that is properly acquired is installed and used on computers.

Section 16: Insurances

WHY ARE THESE REGULATIONS IMPORTANT?

The provision of insurance cover is one of the major methods of responding to corporate and service risks identified under the Council's risk management arrangements (see Section 17). Cover can be arranged either externally (with major insurance companies) or through an internal insurance pool. Accurate record keeping and timely provision of information are essential if the Council's insurance cover is to be effective. This Section should be read in conjunction with that relating to Risk Management.

- (1) The Director of Resources is responsible for:
 - (i) effecting all insurance cover on a corporate basis, through external insurance or through internal self-insurance arrangements as considered appropriate
 - (ii) negotiating all claims, in consultation with relevant Directors where necessary.
- (2) Directors shall notify the Director of Resources immediately in writing:
 - (i) of all new risks, properties, vehicles or other assets that require insurance;
 - (ii) of any alterations to such risks or assets affecting existing insurances;
 - (iii) should any of the authority's assets be damaged, lost or stolen;
 - (iv) of any loss, liability, damage or personal injury that may lead to a claim against the authority.

and shall provide any related information or explanation required within time scales determined by the Director of Resources.
- (3) Directors shall ensure that no employee or other person covered by the authority's insurances admits liability (orally or in writing) or makes any offer to pay compensation, because this may prejudice a proper assessment of the Council's liability.
- (4) Directors shall maintain proper records relating to insurances effected by the authority, under arrangements approved by the Director of Resources.
- (5) Directors shall consult the Director of Resources and seek legal advice from the Head of Legal and Democratic Services on the terms of any indemnity that the authority is requested to give.

- (6) Directors shall consult the Director of Resources to determine the minimum level of insurance cover required of any person or body (including all Council contractors) to indemnify the Council or to effect insurance cover in accordance with the Council's requirements.

Section 17: Risk Management

WHY ARE THESE REGULATIONS IMPORTANT?

The Council faces numerous risks: to people (including its employees), to property, to its reputation and to continuity of service delivery. Risk is the threat that an event or action will adversely affect the Council's ability to achieve its objectives and to successfully execute its strategies. This will include both external and internal risks. Risk Management is the process by which risks are identified, evaluated and controlled. Risk management seeks to protect the Council and enable us to achieve our stated aims and objectives. It also seeks to maximise the rewards that can be gained through effectively managing risk. It is the responsibility of the Accounts and Audit Committee to approve the Council's risk management policy and strategy and to promote a culture of risk management awareness throughout the organisation.

This Section should be read in conjunction with that relating to Insurance (see Section 16), which is just one tool used in the control of organisational risk.

- (1) The Accounts and Audit Committee shall approve and promote the authority's corporate risk management policy and strategy.
- (2) The Director of Resources shall:
 - (i) develop risk management processes and procedures to assist in the identification, assessment, reduction and control of material risks
 - (ii) undertake regular monitoring and review of the corporate and service arrangements for effective risk management.
- (3) Directors are responsible:
 - (i) for risk management within all areas under their control, having regard to appropriate advice from the Director of Resources.
 - (ii) for carrying out regular reviews of risk, risk reduction strategies and the operation of appropriate controls (including business continuity plans) within their departments.
- (4) Directors shall consult the Director of Resources and seek legal advice from the Head of Legal and Democratic Services on the terms of any indemnity that the authority is requested to give.
- (5) Directors shall promptly notify the Director of Resources of all new risks that are material, as they are identified.

Section 18: Internal Audit

WHY ARE THESE REGULATIONS IMPORTANT?

The requirement for an internal audit function for local authorities is implied by section 151 of the Local Government Act 1972, which requires that authorities “make arrangements for the proper administration of their financial affairs”. The Accounts and Audit Regulations 2015 more specifically require that a “relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control”.

Accordingly, internal audit provides one aspect of an independent and objective assurance in the review of the system of internal control as a contribution to the proper, economic, efficient and effective use of resources. In fulfilling this responsibility the internal audit service comply with best practice as set out by [CIPFA's Code of Practice for Internal Audit in Local Government in the Public Sector Internal Audit Standards and the associated CIPFA Local Government Application Note](#)

- (1) The Director of Resources shall ensure that the internal audit service is independent in its planning and operation.
- (2) The Director of Resources or their authorised representative shall have authority to enter at all reasonable times any offices, premises or land under the control of the Council and shall have unrestricted access to all records, documents and correspondence relating to any matter under consideration, without limitation.
- (3) All staff shall provide such information and explanations as the Director of Resources considers necessary and shall produce upon demand cash, stores, documents or other property of the Council under their control.
- (4) Directors, Heads of Service and other staff shall immediately notify the internal audit service on behalf of the Director of Resources upon discovery or suspicion of any financial irregularity, whether affecting cash, stores, property, financial records or otherwise. The Director of Resources shall notify the Chief Executive in all significant cases.
- (5) The Council sets out in policy documents its approach to fraud and corruption and to “whistle blowing”.
- (6) The internal audit service has direct access to the Chief Executive, to all levels of management and to elected Members.

Section 19: External Audit and Inspection

WHY ARE THESE REGULATIONS IMPORTANT?

The Audit Commission was responsible for appointing the current external auditors for this local authority. The basic duties of the external auditor are governed by statute.

In fulfilling their responsibilities the external auditor works to a set code of audit practice.

The authority may from time to time also be subject to audit, inspection or investigation by various other external bodies. Government department inspectorates and bodies such as HM Revenue and Customs have statutory rights of access. Rights of access are also sometimes granted under contractual arrangements, including partnerships where the Council is not the lead body. It is important that all Officers of the Council respond to external scrutiny in a timely, professional and helpful manner.

- (1) The Director of Resources shall facilitate the coordination of the work of internal and external audit together with ensuring appropriate consideration of external audit reports by management and/or Members.
- (2) Co-ordination of all other inspection and independent review work shall be the responsibility of the relevant Director.
- (3) Directors shall give external auditors and inspectors access at all reasonable times to premises, personnel, documents and assets which they consider necessary for the purposes of their work.

Section 20: Treasury Management and Leasing

WHY ARE THESE REGULATIONS IMPORTANT?

Treasury Management is in place to provide assurance that the authority's money and overall cash flow are properly managed, in a way that balances risk with return but with overriding consideration being given to the security of investments.

The signing of leases and other forms of credit can have a wider financial impact than just the rental payments. It is therefore necessary that the Director of Resources be given the opportunity to evaluate the costs of any potential agreement before it is legally binding.

(1) General

The Director of Resources is responsible for all investment, borrowing and leasing undertaken in the name of this authority.

(2) Treasury Management

The Director of Resources shall:

- (i) prepare annually a Treasury Management Policy Statement covering all aspects of treasury management for consideration by the Policy and Finance Committee and recommendation to Full Council
- (ii) prepare annually a Treasury Management Strategy setting out the Council's strategy for consideration and approval by the Policy and Finance Committee and recommendation to Full Council.
- (iii) prepare annually an Investment Strategy for consideration and approval by the Policy and Finance Committee and recommendation to Full Council.
- (iv) recommend to ~~the Full~~ Council before the commencement of each financial year a range of Prudential Indicators, including borrowing limits, to be set for that financial year in accordance with statute and the CIPFA Prudential Code.
- (v) provide regular treasury management monitoring reports to Policy and Finance Committee
- (vi) arrange the borrowing and investments of the authority in such a manner as to comply with the CIPFA Code of Practice on Treasury Management and the authority's Treasury Management Policy Statement and its annual Strategy

(vii) make all investments, borrowings and other financing transactions only in the name of the authority or in the name of nominees approved by Full Council.

(3) Leasing and Similar Arrangements

Leasing and other similar arrangements, including new or extended leases of land and property, may only be entered into with the written consent of the Director of Resources. Such arrangements may be defined for this purpose as any lease, contract hire or other contract or series of contracts under which the use of an asset is obtained in exchange for a series of payments which extend beyond the end of the following financial year.

(4) Delegation

The Director of Resources shall maintain in writing a list of the names of any Officers in their department authorised to act on their behalf in relation to the specific responsibilities set out in this Section, together with specimen signatures and details of any limitation on the authority delegated to them.

Section 21: Pay and Conditions of Employment

WHY ARE THESE REGULATIONS IMPORTANT?

Staffing costs are the largest single item of expenditure for most Council services. It is therefore important that payments are accurate, timely, made only where they are due and that payments accord with individuals' conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for and that Members' allowances are paid in accordance with the scheme adopted by Full Council.

Like all organisations, the Council is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax can be severe. It is therefore important for all Officers to be aware of their role.

(1) General

Terms and conditions of employment are to be determined by the Council and the Personnel Committee. The Director of Resources is responsible for the administration of all arrangements for the payment of salaries, wages, pensions, and car loans to eligible employees, travel and subsistence claims and other emoluments to existing and former employees, and for all related matters.

(2) Deductions from Pay

The Director of Resources shall make proper arrangements for all statutory and other deductions from pay, including tax, national insurance and pension contributions, and payment of such sums to the bodies concerned.

(3) Terms of employment

Directors, in consultation as necessary with the Head of Human Resources, shall promptly notify the Director of Resources of:

- (i) the terms and conditions applying to new contracts of employment
- (ii) any changes or events affecting the salaries, wages or emoluments of the Council's employees
- (iii) all resignations, retirements and terminations of employment.

(4) Provision of Information

Directors shall provide to the Director of Resources:

- (i) all relevant information, including notifications of sickness absence, in an agreed format and within agreed time scales to enable the prompt and accurate payment of all elements of pay
- (ii) notification of the impending departure of any employee involved with the custody of cash or stores.

(5) Members' Allowances

Payments to elected Members of the Council shall be made by the Director of Resources in accordance with the Council's approved scheme.

(6) Delegation

Directors shall notify the Director of Resources in writing of the names of any Officers in their department authorised to act on their behalf in relation to the specific responsibilities set out in this Section, together with specimen signatures and details of any limitation on the authority delegated to them.

Section 22: Reports to Members

WHY ARE THESE REGULATIONS IMPORTANT?

New and changing policies of the Council result from consideration of reports, either from Members or Officers. Policies could therefore be set on the basis of insufficient or misleading information if both the financial and risk management implications have not been considered, and if commitments are made these could lead to financial difficulties for the Council.

- (1) Reports shall only be put before the Council, Committees, or Working Groups if a risk assessment on Resources, Technical, Environmental, Legal, Political, reputational, Equality and Diversity issues for the Council have been considered and presented fairly in the report. Informal advice to Members shall also have regard to any significant financial or legal implications.
- (2) Consultation shall take place as appropriate between the authors of reports, the Director of Resources and any other Directors affected, in good time for any financial, risk management and legal implications to be properly identified.
- (3) Where there are no financial risk management or legal implications or they are negligible, the report shall say so.

Examples of proposals with potential financial implications

Broadly speaking any actual or proposed action or decision that affects the Council's finances in any way has a financial implication.

Listed below are examples of actions or decisions that are likely to have a financial implication. However this list is not exhaustive and it should be borne in mind that other areas of action or decision will undoubtedly have financial implications too.

- *Anything that affects the current year's budget or capital programme, for example:*
 - *a new service*
 - *an improved service level*
 - *cessation of a service*
 - *a reduction in service level*
 - *a new capital project*

- *Anything that affects the budget or capital programme of future years, for example:*
 - *ongoing net cost of a new or improved service*
 - *ongoing net revenue cost of a new capital project*
 - *reduced ongoing effect of service cessation or reduction*
 - *reduced ongoing effect of the sale or disposal of a capital asset*
- *Anything that affects the Council's level of income, for example:*
 - *an increase or reduction in charges*
 - *introduction of a charge for a service currently provided free*
 - *free provision of a service currently provided at a charge*
- *Anything that affects the Council's ability to recover VAT, for example:*
 - *provision of a new exempt or partly exempt service*
 - *a new capital project or existing capital asset to be used for exempt or partly exempt purposes*
 - *transfer of a service or undertaking to another body*
- *Anything that affects the Council's entitlement to government grant, for example:*
 - *action which may result in an increase or reduction of grant entitlement*
- *Anything that enables the Council to attract outside funding from any source, for example:*
 - *a new partnership*
 - *a new third party funding arrangement*
 - *a new agency arrangement*
- *Anything that could potentially expose the Council to legal action, government surcharge or other financial penalty, for example:*
 - *an action which could be subject to legal challenge*
 - *an action which could lead to fines or penalties being imposed on the Council*
- *Any action that may result in the payment of redundancy or other staff severance costs, for example: -*
 - *cessation of a service leading to a surplus of staff*
 - *reduction in a service level leading to a surplus of staff*
 - *externalisation of a service (including where TUPE applies)*

- *Any action that would affect the market value of a Council asset, for example:*
 - *a reduction in the maintenance level of an asset leading to a lower asset value*

- *Any action likely to increase the Council's insurance costs, for example:*
 - *the use of a Council asset for what is perceived to be a higher risk purpose*
 - *a worsening claims record*

Glossary

Asset register

A detailed listing of land, buildings, vehicles and major items of plant and equipment (assets). Asset registers are important because they enable an effective assessment of the management of assets to be made through a comprehensive record of attributes. They are also a useful basis for arranging appropriate insurance cover and substantiating insurance claims in the event of fire, theft or other loss.

Budget

A statement expressing the Council's policies and service levels in financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and the capital programme and any authorised amendments to them. It does not however include the forward financial forecast, which is for financial planning purposes only.

Budget Book

The publication in which the Council sets out its budget for a particular financial year.

Budgetary control

The continual review of expenditure and income, both revenue and capital, against planned levels of expenditure and income to help ensure that service objectives are achieved and the overall resources of the Council are not over or underspent. This process is aided by the use of budget profiles.

Budget provision

The amount approved by the Council for a particular budget head.

Capital contributions

Sums contributed by external persons and bodies towards the cost of capital schemes to be carried out by the Council. These can derive from planning agreements with developers in the form of S106 agreements but also include sums recovered from or contributed by third parties.

Capital expenditure

This generally relates to expenditure on the acquisition or enhancement of fixed assets which will be of use or benefit to the authority in providing its services for more than one year. It also includes grants to other persons and bodies for spending by them on similar purposes.

Capital programme

The Council's financial plan covering capital schemes and expenditure proposals for the current year and a number of future years. It also provides estimates of the capital resources available to finance the programme and a statement of any under- or over-programming.

Capital receipts

The proceeds from the disposal of land and other assets which are available to finance new capital expenditure. Statute prevents capital receipts being used to finance revenue expenditure.

Capital resources

The resources earmarked either by statute or by the Council to meet the cost of capital expenditure instead of charging the cost directly to revenue. The definition covers borrowing, capital receipts, and grants and contributions from external persons and bodies given for capital purposes. The Council may also contribute revenue resources to the financing of capital expenditure, and for as long as these are included in the capital programme, they are regarded similarly as capital resources.

CIPFA

The Chartered Institute of Public Finance and Accountancy (CIPFA) is the leading professional body for accountants employed in the public sector. It issues Codes of Practice and other guidance as appropriate on matters which are addressed by these Regulations.

Codes of conduct

The protocols within which Members and Officers will work as set out in parts of the Constitution.

Codes of practice

Guidance issued normally by professional bodies in relation to standards which are not regulated by statute. For example, CIPFA have issued Codes of Practice giving detailed guidance on accounting standards, ~~internal audit~~ and treasury management.

Collection Fund

The fund into which Council Tax and Business Rates are paid and out of which the precepts of Lancashire County Council, ~~Lancashire Police Authority~~ Police and Crime Commissioner for Lancashire, Lancashire Combined Fire Authority, and Ribble Valley Borough and Parish Councils are met. Any surplus or deficit is shared between the various authorities, other than Parish Councils, on the basis of precepted amounts.

Computer systems

Commercially available software which might be acquired for use on Council computers, whether mainframe, local PC or networks. For the purposes of these Regulations, the definition is not intended to cover applications to which such systems might be put.

Contingency provisions

Money set aside in the budget to meet the cost of unforeseen items of expenditure or shortfalls in income and to provide for changes in inflation and interest rates compared with the assumptions on which the rest of the budget was set.

Contract Procedure Rules

The Council's rules relating to the procurement of works, supplies and services as set out in the Constitution. These are supported by Section 7 of these Regulations.

Corporate governance

The system by which local authorities direct and control their functions and relate to their communities.

Corporate Strategy

A statement made by a local authority setting out its long-term aims for the community it serves, the organisational aims of the Council and the main values which underpin its work for the community.

Council Tax

A local tax based on the capital value of residential properties. The level set by an authority for a particular year will be broadly determined by its expenditure on General Fund services less other income, use of Council reserves and government grant.

Council Tax base

A figure calculated annually to represent the number of dwellings over which the Council Tax for the following financial year may be collected. All dwellings within the District are valued by the Valuation Office Agency (an agency of HM Revenues and Customs) and classified into one of eight bands (A to H), each of which is expressed as a proportion above or below the value of Band D. The Council Tax base is the number of dwellings expressed in terms of a Band D average, after making allowance for discounts and losses. When the Council sets the level of Council Tax for that year, it is expressed as an amount due from Band D properties.

Creditors

A person or body to whom the Council owes money.

Debtor

A person or body who owes the Council money. The debt may derive from a number of sources such as Council Tax, rechargeable works or where an account has been rendered for a service provided by the Council.

Earmarked Reserves

See "Reserves"

Estimates

The amounts which are expected to be spent, or received as income, during an accounting period. The term is also used to describe detailed budgets which are being prepared for the following financial year or have been approved for the current year. The “original estimate” for a financial year is that approved as part of the budget prior to the start of that year and the “revised estimate” is an updated revision for that year.

External Audit

An independent examination of the activities and accounts of local authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Fees and charges

Charges made to the public for Council services and facilities.

Financial Regulations

That part of the Council’s Constitution which provides an approved framework for the proper financial management of the authority.

Financial year

The period of twelve months commencing on 1 April.

Forward financial forecast

The estimated revenue budget for the two financial years immediately following the budget year, or the totals of such estimates. The forecast conveys no authority to spend, and is made for financial planning purposes only.

General Fund

The revenue fund of the Council covering day-to-day expenditure and income on services. The net cost on this account is met by Council Tax.

Internal audit

An independent appraisal function for review of the internal control system of an organisation. It objectively examines, evaluates and reports on the adequacy of internal controls as a contribution to the proper, economic, efficient and effective use of resources.

Inventory

A detailed listing of all goods, materials, furniture and equipment in the ownership or use of a particular service, other than those held in stocks and stores records. Inventories are normally maintained in sufficient detail as to description, location, age, value etc. to enable any material loss arising from a fire, theft or other event to be identified and to support any insurance claim.

Investment Strategy

A statement of policies for determining the type, value and length of investments that the Council will use to place its surplus funds and also for determining appropriate third parties with whom these investments will be placed.

Leasing

A method of acquiring the use of capital assets which is similar to renting. Normally this kind of arrangement is only suitable for vehicles, plant and equipment. Ownership of the asset remains with the leasing company and the annual rental is charged directly to the Council's revenue accounts.

Members' Allowances

A scheme of payments to elected Members of the Council in recognition of the duties and responsibilities assumed by them.

Precept

The amount that Councils and certain other public authorities providing services within Ribble Valley require to be paid from the Collection Fund to meet the cost of their services.

Prudential Indicators

The Prudential Indicators are designed to support and record local decision making regarding capital investment. The CIPFA 'Prudential Code for Capital Finance in Local Authorities' requires each local authority to agree and monitor mandatory prudential indicators.

Reserves

A Council's accumulated surplus income in excess of expenditure. Reserves are available at the discretion of the Council to meet items of expenditure in future years, and may be earmarked or held for general purposes. An example of an earmarked reserve is the Capital Reserve Fund.

Revenue

A term used to describe the day-to-day costs of running Council services and income deriving from those services. However, it also includes charges for the repayment of debt, including interest, and may include direct financing of capital expenditure.

Risk

Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted action, event or occurrence.

Risk management

Risk management is the adoption of a planned and systematic approach to the identification, evaluation and management of risk.

Risk Management Policy and Strategy

This is approved by the Accounts and Audit Committee endorsing the commitment of the Council to effective risk management and sets out the responsibility of Members, Directors and all staff for the identification, control and reduction of risk and the containment of loss in all aspects of their activities.

Statement of Accounts

The Council's annual report on its financial position for the year ending 31 March. The report is required to be in a prescribed format and is subject to independent review.

Supplementary estimate

The approval of an increase in the level of a particular budget head, or the establishment of a new budget head, under the procedure laid down in Section 6 of these Regulations. Where an existing budget head is involved, a supplementary estimate would not normally be approved where an appropriate virement was available. Supplementary estimates may only be sanctioned by Members.

Treasury Management

The management of the authority's cash flows, its borrowings and its investments, the management of the associated risks, and the pursuit of the optimum performance or return consistent with those risks. It includes the setting of and monitoring compliance with the Prudential Indicators.

Treasury Management Policy Statement

A statement approved by the Full Council setting out the parameters within which treasury activities are to be managed.

Treasury Management Strategy

The strategy for the treasury management activities to be adopted for a particular financial year as approved by the Policy and Finance Committee and Full Council within the parameters set by the Treasury Management Policy Statement. The strategy needs to be flexible enough to allow the Director of Resources to respond appropriately to changing circumstances during the course of the year to the best advantage of the Council.

Virement

The transfer of budget provision from one budget head to another, under the procedure laid down in Section 6 of these Regulations. Virement decisions apply to revenue expenditure heads, and may on occasions be between expenditure and income, and may include transfers from contingency provisions. However, Virements may not be approved between capital and revenue budget heads. Virements may be approved by Service Directors and the Director of Resources up to an amount specified in the Regulations, after which approval is required by Members.

Write off

The action taken to charge to the Council the amount due from some external party which has been found to be irrecoverable from that party. Whilst the sum remains due to the Council in law, it will no longer be shown as outstanding in the Council's accounts.

Contract Procedure Rules

DRAFT

October 2015



Ribble Valley
Borough Council

www.ribblevalley.gov.uk

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CPR1: Interpretation

- 1.1 These Contract Procedure Rules are standing orders of the Council (made pursuant to Section 135 of the Local Government Act 1972) with respect to the making of Contracts.
- 1.2 In these Rules, each of the expressions in the left-hand column below shall have the meaning stated against that expression in the right-hand column.

Responsible Officer	any permanent or temporary staff member who is properly authorised to carry out any of the Council’s contracts functions. <u>Such persons must keep their relevant Director fully informed of any proposed actions under these Contract Procedure Rules.</u>
Director	is the Chief Executive or a Director
Service Managers Heads of Service	includes, for the purposes of these Contract Procedures Rules, all <u>Service ManagersHeads of Service</u> (or, in the absence of the <u>Service ManagerHead of Service</u> , his/her nominated representative). <u>Such persons must keep their relevant Director fully informed of any proposed actions under these Contract Procedure Rules.</u>
Committee	means a Committee or Sub-Committee of the Council.
Contract	is any agreement between the Council and one or more Providers for the supply of goods or materials for or on behalf of the Council, for the execution of works for or on behalf of the Council, or for the provision of services to the Council or to others on its behalf (including but not limited to the provision of services, wholly or partly, in return for a concession).
CPR	Contract Procedure Rule.

Contract Procedure Rules

EU Contract	is a Contract covered by the Public Works/Supplies/Services/Utilities Contract Regulations <u>EU Public Contracts Directive</u> .
Provider	is any contractor supplying or offering to supply goods, works, or services (including concessions) to the Council and includes any individual, firm, agent, company, partnership, public authority or other organisation.
Section 151 Officer	is the officer with responsibility for the proper administration of the financial affairs of the Council in accordance with Section 151 of the Local Government Act 1972 (currently the Director of Resources) or his/her Deputy.

- 1.3 References to monetary values in these Contract Procedure Rules **exclude VAT**. The values quoted relate to the total value of a contract over the full anticipated lifetime of supply.
- 1.4 Where reference is made in these Contract Procedure Rules to the Director of Resources, in the absence of that Officer, the ~~Financial Services Manager~~Head of Financial Services is the authorised substitute. Likewise, in the absence of the ~~Legal Services Manager~~Head of Legal and Democratic Services the Council's Solicitor will be the authorised substitute.

CPR2: Scope and Application

- 2.1 These Procedure Rules shall apply to any Contract, with the exceptions listed in CPR 2.2, and also to the nomination of sub-contracts under any such Contract (whether in each case the Council is contracting or nominating on its own behalf or wholly or partly on behalf of others).
- 2.2 These Procedure Rules do not apply to transactions of the following types:
- a) Purchases or sales by auction or at public fairs or markets;
 - b) Contracts for the sale or purchase of land;
 - c) Contracts for the engagement of Counsel, or for the engagement of external Solicitors to represent the Council in specified legal proceedings;
 - d) Contracts with statutory undertaking(s) for work which only they can carry out;
 - e) Contracts of employment;
 - f) Orders placed with such consortia or framework agreements as may be approved by the Council Director of Resources provided that the council is satisfied that the purchasing arrangements of the consortia or framework agreement in question comply with EC and UK legislation and provide value for money;
 - g) Contracts formalising the funding of particular voluntary sector bodies where the purpose of the contract is to establish the general conditions whereby the body may be funded by the Council.
- 2.3 All employees of the Council and firms/advisors employed to act in any capacity to manage or supervise a Contract must comply with these Procedure Rules and with the Council's Financial Regulations and Directors and each Service Manager/Head of Service must ensure such compliance in the contracting area for which he/she is responsible. The relevant Service Director must be kept informed by the Head of Service or Other Responsible Officer at all times of any proposed actions under these Contract Procedure Rules.

CPR3: Responsibilities and Officers' Duties

3.1 Responsible Officers shall always:

- (a) seek value for money;
- (b) show no favour or disfavour to any Provider nor discriminate against Providers from other EC states;
- (c) conduct tendering and price testing in accordance with proper practices and the highest standards of propriety;
- (d) do nothing that contravenes EC or domestic law; and
- (e) ensure that adequate Contract files are kept and retained for all Contracts upon which they are engaged, ensuring a copy is also passed to the Procurement Assistant for inclusion on the council's Contracts Register.
- (e)(f) Consider any implications under the Transfer of Undertaking (Protection of employment) (TUPE) and obtain advice from the Head of Legal and Democratic Services before proceeding with the production of any Invitation to Tender documentation.

CPR4: Compliance with Contract Procedure Rules and Legislation

- 4.1 Every Contract made by the Council or on its behalf shall comply with the European Community Treaty and all relevant European Union and domestic legislation, these Contract Procedure Rules and the Council's Financial Regulations subject to the following provision.
- 4.2 **Arrangements made to meet the requirements of any present or future domestic legislation or EU Directive shall take precedence over any provision of these Contract Procedure Rules.**

CPR5: Exemptions from Contract Procedure Rules

- 5.1 Exemptions from the requirements of these Contract Procedure Rules are to be the exception and not the rule. They must not be granted as a matter of administrative convenience and must be supported by documented and evidenced reasons as to the legitimate need for the exemption to be granted.
- 5.2 When an exemption is sought from tendering or the requirement to obtain written quotations, the relevant Director or ~~Service Manager~~Head of Service will need to justify the use of an alternative method of selection so that propriety, value for money and **compliance with EU and domestic legislation** can be demonstrated. It will also include reasons such as:
- (a) that only one Provider is able to carry out the work or service or to supply the goods for technical or artistic reasons or because of exclusive or proprietary rights;
 - (b) that time limits required for tendering cannot be met for reasons of extreme urgency and which (in EU cases) were unforeseen and unattributable to the Council;
 - (c) that additional goods, works or services are required which, through unforeseen circumstances, were not included in the original contract and which are either strictly necessary for the completion of the Contract or, for technical or economic reasons, cannot be carried out separately without great inconvenience/additional costs;
 - (d) that goods are required as a partial replacement for or in addition to existing goods or installations and obtaining them from another Provider would result in incompatibility or disproportionate technical difficulties in operation or maintenance.
 - (e) That despite seeking the relevant number of quotations, insufficient quotations have been obtained (see 6.5 below)
- 5.3 The Director or ~~Service Manager~~Head of Service must keep a written record justifying any exemption(s) under paragraph (a) to (e) above and seek the **prior** agreement of both the ~~Legal Services Manager~~Head of Legal and Democratic Services and the Director of Resources. The Director or ~~Service Manager~~Head of Service must then report to the next possible meeting of the relevant Service Committee details of the granting of such exemptions and the reasons.
- 5.4 Exemption (on grounds other than 5.2 (a) to e)) from any of the following provisions of these Procedure Rules may be made only by the direction of the relevant Service Committee where such Service Committee is satisfied that the exemption is justified in special circumstances.
- 5.5 No exemption may be granted:
- (a) which would result in a breach of European or UK law;

- (b) from CPR 18 unless on grounds of extreme urgency (e.g. during civil emergency) (Acceptance of Tenders); from CPR 20 (Form of Contract); or from CPR 21 (Execution of Contracts).

CPR6: Requirements to Obtain Quotations or Tenders

Contracts not requiring tendering

6.1 The following contracts need not be tendered.

- (a) Contracts valued at £50,000 or less (unless required by EU law).

PROVIDED that such contracts are effected in compliance with the Council's Financial Regulations and all appropriate internal controls.

Contracts valued at £50,000 or less

6.2 An official order shall be placed immediately using the Council's approved ~~Order Form~~/Purchase Ordering System.

6.3 A Contract made under CPR 6.2 where the estimated value is:

- (i) £5,000 or less may be made without written competitive quotations as long as the Contract is not part of a larger Contract. However, it must still be ensured that the best price is secured and value for money is maintained.
- (ii) over £5,000 but not exceeding £20,000 may be made after obtaining **at least** two written quotations;
- (iii) over £20,000 but not exceeding £50,000 may be made after obtaining **at least** four written quotations;

6.4 Under no circumstances should Contracts be broken down in size so as to have the effect of lowering the Contract value or to avoid the requirements for tendering or the need for written quotations. It must be ensured that the contract value used in assessing the above bandings is the total value of a contract over the full anticipated lifetime of supply.

6.5 Where the relevant number of quotations has been sought, but fewer quotations have been obtained, the Director or ~~Service Manager~~Head of Service may make an exemption from the requirement to obtain the number of quotations specified above with the written agreement of the ~~Legal Services Manager~~Head of Legal and Democratic Services and Director of Resources. The Director must then report details of any such exemption to the next possible meeting of the relevant ~~Service~~ Committee.

6.6 In all cases, except where it is impracticable for reasons of extreme urgency, confirmation of the Provider's terms of business (usually a written quotation) shall be obtained before an order is placed. The placing of an official order on the Council's approved Purchase Ordering System will also ensure the application of the council's own Terms and Conditions to the order.

6.7 The Responsible Officer shall keep a written record of the Providers approached, their responses, details of any quotations provided, the subject matter of the quotation, the name of the Provider, the time and date of the quotation and details of the price offered and any other trading terms.

Contracts valued at more than £50,000

- 6.8 All Contracts with an estimated value over £50,000 shall be subject to competitive tender in accordance with CPR 12, unless exempted in accordance with CPR 5 or awarded by way of extension to an initial Contract for works in accordance with CPR 12.1(d).

CPR7: Award of Contracts without Tendering – Contracts less than £50,000 or with Exemptions

- 7.1 No Contract may be awarded unless the expenditure involved has been included in approved revenue or capital estimates ~~or has been otherwise approved by, or on behalf of, the Council.~~ The Responsible Officer shall ensure that evidence of authority to spend, and the budget code to be used, is recorded on the Contract file.
- 7.2 Contracts with a quoted value of £50,000 or less may be awarded on behalf of the Council by the relevant Director to the Provider who offers the lowest price or whose offer is considered by the Director to be the most economically advantageous to the Council, provided in both cases the price quoted is within the budgetary limits approved by the Council or ~~a Committee appointed for that purpose~~ by Policy and Finance Committee as a supplementary estimate.
- 7.3 Contracts with a quoted value in excess of £50,000 (where an exemption from Tendering has been granted) may be awarded on behalf of the Council by the relevant Director in consultation with the Chairman of the relevant Service Committee to the Provider who offers the lowest price or whose offer is considered by the Director, in consultation with the Director of Resources, to be the most economically advantageous to the Council provided in both cases the price quoted is within the budgetary limits approved by the Council by Policy and Finance Committee as a supplementary estimate. ~~or Committee appointed for that purpose.~~
- 7.4 No contract with a quoted value in excess of £50,000 (where an exemption from Tendering has been granted) shall be awarded until the Director of Resources has checked the Provider's financial standing and provided written confirmation that this is satisfactory for the Contract to be undertaken.
- 7.5 ~~The Responsible Officer shall ensure compliance with OJEC requirements for the publication of Contract Award Notices and provide copies of the Notice(s) to the Legal Services Manager and the Financial Services Manager.~~
- 7.6 Details of all Contract awards ~~exceeding £50,000~~ shall be forwarded to the ~~Financial Services section~~ Procurement Assistant for inclusion on the Council's Contracts Register as soon as possible after the award and prior to works commencing. Such notification ~~to~~ must also include evidence of the authority to enter into the Contract.

CPR8: Interests of Officers in Contract Matters

8.1 Directors, Responsible Officers and any other person (whether or not in the employment of the Council) assisting either of them in connection with any part of the procurement process shall comply with all requirements applicable from time to time of the law and of the Council's Code of Conduct for Employees as regards:

- (a) the declaration of interests (either generally or in relation to a particular procurement matter), and;
- (b) refraining from participation in some or all stages of particular procurement matters.

NB: At the time of adoption of these Rules, the Current provisions are:

- Section 117(1) of the Local Government Act 1972;
- The Council's Code of Conduct for Employees, ~~adopted in 2005~~.

CPR9: Approved Lists

- 9.1 This Rule shall apply where, in the opinion of the relevant Director or ~~Service Manager~~Head of Service and subject to the approval of Policy and Finance Committee, it is considered appropriate to maintain a list of approved Providers for specific categories of work of a value not exceeding £50,000. The use of online services for shortlisted or approved suppliers is included under this Contract Procedure Rule.
- 9.2 There shall be compiled and maintained lists of Providers in respect of Council contracts. Such lists shall contain the names of all Providers who wish to be included in them and who are approved by the relevant Committee according to written criteria.
- 9.3 With the exception of online services for shortlisted or approved suppliers, ~~The~~ relevant ~~Service Manager~~Head of Service shall maintain the approved lists and shall ensure they are reviewed at intervals not exceeding three years.
- 9.4 At least every three years a public notice shall be given in one or more local newspapers and such trade journals as are considered desirable inviting Providers to apply to have their names placed on the approved lists.
- 9.5 The approved list shall indicate ~~in respect of a Provider whose name is so included~~for each included Provider the categories of Contract and the value or amounts in respect of those categories for which approval has been given.
- 9.6 ~~Invitations to tender for a Contract shall be sent to not less than four of those Providers selected by the relevant Service Manager from among those approved for a Contract of the relevant category and amount or value. Where the list comprises less than four Providers, invitations to tender shall be sent to them all.~~The use of Providers on any approved list shall follow the same requirements as those listed under CPR6 with regard to number of quotes to be requested.

CPR10: Estimates of Contract Value

- 10.1 Before inviting tenders or quotations for the execution of any work or for the provision of any goods or services the relevant ~~Service Manager~~Head of Service shall keep a written record of the estimate in writing of the likely expense of executing the work, or the provision of goods or services in a suitable manner.
- 10.2 For the purpose of these contract Procedure Rules, the value of a contract is the expected amount of consideration (in money or money's worth) that will be received by the person or organisation that carries out the works or provides the services or supplies, over the full anticipated lifetime of supply.
- 10.3 Where some, or all of the contract price is funded by a third party, it must be the gross value of the goods or services that is used in any assessment of contract value.
- 10.4 Estimates of value and methods of valuation must be genuine and not designed to avoid exceeding any threshold contained in these Contract Procedure Rules.
- 10.5 No tender can be accepted where its value is in excess of the Public Procurement Rules (OJEU) threshold. Therefore any Head of Service that estimates a contract value that is near to such thresholds **must** undertake a Public Procurement Rules (OJEU) compliant tender exercise.

CPR 11: Pre-Tender/Quotation Enquiries

11.1 Enquiries of Providers may be made before tenders or quotations are invited in order to:

- (a) establish whether the goods, works or services the Council wishes to purchase are available, ~~and~~ within what price range and whether they would be the best option for the required outcome;
- (b) better inform the preparation of ~~prepare~~ tender documents, price estimates, specifications and contract documents;
- (c) establish whether particular Providers wish to be invited to tender or quote.

11.2 In making enquiries:

- (a) no information will be disclosed to one Provider which is not then disclosed to all those of which enquiries are made or which are subsequently invited to tender or quote:
- (b) no Provider will be led to believe that the information they offer will necessarily lead to them being invited to tender or quote or be awarded the Contract.

CPR12: Competitive Tendering – Contracts over £50,000

12.1 Subject to 13.23 below, no Contract, the estimated value of which exceeds £50,000, shall be made unless:

(a) at least 21 days' public notice has been given, stating the nature and purpose of the Contract, inviting tenders and stating the last date when tenders will be received, in:

- one or more of the local newspapers and optionally, such trade journals as the relevant ~~Service Manager~~Head of Service shall consider desirable, ~~stating the nature and purpose of the Contract, inviting tenders and stating the last date when tenders will be received; and~~
- the Crown Commercial Service website Contracts Finder. In the case of those contracts with an estimated value in excess of the Public Procurement Rules (OJEU) threshold, the opportunity must not be published on Contracts Finder until it has first been notified as published in the Official Journal; or

~~(b) tenders for the Contract (being a Contract for the execution of work) have been invited by the relevant Service Manager from amongst the appropriate approved list of Providers compiled under CPR 9; or~~

~~(c) public notice has been given in respect of a particular Contract in the manner described in CPR 12.1(a) inviting applications from Providers to be placed on a list to be approved by the Council from which Providers selected by the relevant Service Manager will be invited to submit tenders; or~~

~~(d)~~(b) the proposed Contract, being a Contract for the execution of work, forms part of a serial programme the terms having been settled with the Contractor on the basis of the application of a stated addition or deduction to the rates and prices contained in an initial Contract awarded competitively following an invitation to tender in accordance with the provisions of (a), ~~(b), or (c)~~ above subject to a maximum extension under this Rule not exceeding 100% of the original Contract value or £50,000 whichever is the lower. Due consideration must be given to the potential of breaching any EU thresholds

CPR13: Tender Invitation

- 13.1 When tenders are invited following public advertisement Contract documents **will must** be sent within five working days of request provided any specified fee, where applicable, has been paid.
- 13.2 Documents for all tender opportunities must be made available on the council's website under the procurement webpages. This will include as a minimum the Invitation to Tender (ITT) document and any separate tender specification.
- 13.23 When tenders are invited for an OJEU Contract, the timescale given to providers to return tenders will be in accordance with the timescales as determined by the European Union EU Public Contracts Directive. Appendix 1 sets out the current timescales.
- 13.34 Reasonable requests for further information relating to the Contract documents will be granted provided the request enables the Council to supply the information not less than six days (or four days in cases of emergency) before the date specified for receipt of completed tenders. Any responses given must be circulated to all potential Providers.
- 13.5 Where a potential Provider considers that an enquiry or response will relate to commercially confidential information relevant only to itself and that it should not be circulated to other Participants, it must specify so together with reasons.
- 13.6 If the relevant Head of Service, together with the Head of Legal and Democratic Services and Head of Financial Services consider that, in the interests of a fair and open competition, it cannot respond to an enquiry on a confidential basis, the relevant Head of Service will notify the potential Provider and treat the enquiry as withdrawn. It will then be for the potential Provider to resubmit the enquiry without the requirement for confidentiality if it requires an answer.
- 13.7 If the relevant Head of Service, together with the Head of Legal and Democratic Services and Head of Financial Services consider that the request for a confidential response is justified, then the relevant Head of Service will provide a response which is not circulated to other potential Providers.
- ~~Information supplied to one Provider will be shared with all Providers unless in the opinion of the relevant Service Manager and following consultation with the Legal Services Manager there are appropriate grounds for not doing so.~~
- 13.84 Every invitation to tender will state that a tender will only be considered if it is:
- (a) addressed to Ribble Valley Borough Council, marked for the attention of the ~~Legal Services Manager~~Head of Legal and Democratic Services, Council Offices, Church Walk, Clitheroe BB7 2RA in a plain sealed envelope or package which shall bear the word “**TENDER**” followed by the subject to which it relates, **but shall not bear any name or mark indicating the sender;**

- (b) accompanied by an undertaking which shall become a condition of the Contract that the amount of the tender has not been calculated by agreement or arrangement with any person other than the Council and that the amount of the tender has not been communicated to any person other than the Council and will not be communicated to any person until after the closing date for the submission of tenders (except for the purposes of obtaining any bond/surety where this is a requirement of the proposed Contract).

13.95 Tenders submitted by facsimile or electronic transmission will **not** be considered.

CPR14: Receipt of Tenders

- 14.1 Envelopes and packages received in accordance with the provision of CPR 13 shall immediately on receipt be consecutively numbered and be placed in the custody of the ~~Legal Services Manager~~Head of Legal and Democratic Services until the time appointed for the opening.
- 14.2 Any officer receiving tenders shall indicate on the envelope or package the date and time of its receipt by him/her.
- 14.3 Any tender received after the date and time indicated for the receipt of tenders shall not be considered unless in the opinion of the Director of Resources there is clear evidence that the tender was posted or hand delivered before the date for receipt of tenders in which case the relevant ~~Service Manager~~Head of Service shall have discretion to admit the tender to opening and consideration. Subject to this exception tenders which are received late shall be retained **unopened** by the ~~Legal Services Manager~~Head of Legal and Democratic Services until after the result of the tendering process has been published to tenderers.

CPR 15: Opening of Tenders

- 15.1 All tenders with an estimated value in excess of £50,000 will be opened by the ~~Legal Services Manager~~Head of Legal and Democratic Services or his/her nominated representative in the presence of the appropriate Committee Chairman or in his/her absence the Vice Chairman.
- 15.2 All tenders will be opened at the same time and place and shall be immediately signed and dated by the Officers required to be present in accordance with CPR 15.1 above.
- 15.3 The ~~Legal Services Manager~~Head of Legal and Democratic Services or his/her nominated representative will, at the time the tenders are opened, record in the tender register;
- (a) the nature of the goods or materials to be supplied or the work to be executed;
 - (b) the name of each Provider by or on whose behalf a tender was submitted together with the consecutive number endorsed on the tender envelope;
 - (c) the amount of each tender;
 - (d) the date and time of the opening of the tender;
 - (e) the names of the persons present at the opening of the tenders.
- 15.4 The relevant ~~Service Manager~~Head of Service will keep securely all tenders with the envelopes received, with a copy being provided to the Head of Financial Services. -for a period of at least 12 months after-From the date of the award of the Contract, such records must be retained for a period of no less than 6 years for the successful Provider and 1 year for any unsuccessful Providers, or such longer period as may be required by domestic or EU legislation.

CPR16: Errors or Discrepancies in Tenders etc.

- 16.1 Where examination of tenders reveals arithmetical or copying errors present in the documents submitted at the time of tender these shall be corrected by the Responsible Officer and details shall be recorded and maintained on the appropriate Contract file. If the correction has the effect that the tender is no longer the most competitive tender then the next tender in competitive order is to be examined and dealt with in the same way.
- 16.2 Where examination of tenders or checking of a priced bill or specification submitted at the Council's request after tenders have been opened reveals errors or discrepancies (other than arithmetical errors in documents submitted at the time of tender as in CPR 16.1 above) which would affect the total tender figure(s) in an otherwise successful tender, the Provider is to be given details of such errors and discrepancies but no other information and afforded an opportunity of confirming or withdrawing his tender in writing. If the tenderer confirms his-their total tender figure, then all the rates and prices on which it-the total tender price was based shall be adjusted (upwards or downwards) by the same percentage so as to correspond with the total tender figure (corrected in accordance with CPR 16.1 above if there was also an error or discrepancy requiring to be dealt with under that CPR).
- 16.3 If the Provider withdraws, the next tender in competitive order is to be examined and dealt with in the same way. Any exception to the procedure outlined above may be authorised only by the appropriate Service Committee after consideration of a report from the Service Manager/Head of Service concerned.

CPR17: Contract Negotiations

17.1 Negotiations following the receipt of a Tender shall not apply to any Contract that is governed by EU procurement directives, unless expressly allowed under the EU Procurement Regulations.

17.2 The Responsible Officer may negotiate the contract in the manner set out in CPR 17.~~32~~ below, subject to approval by the Director of Resources, and—provided the terms of the contract remain substantially unaltered. This can only be undertaken where;

- (a) ~~where~~ tendering produced no tenders or inappropriate tenders, for example where the tender figure in an otherwise successful tender exceeds approved or budgeted expenditure, or where the approved or budgeted expenditure sum has changed since tenders were invited, or
- (b) ~~where~~ tendering was discontinued because of irregular tenders, for example because tenders fail to meet the requirements specified in the Contract documents or offer variations on them or the works, supplies or goods fail to meet the tender specification.

17.~~32~~ The Responsible Officer shall invite all ~~tenderers~~ Providers to amend their tenders, in writing, in such matters (e.g. unit price, delivery, discounts or by removing elements of the specification or bill of quantities) as the Responsible Officer specifies. All negotiations shall be conducted by at least two officers, one of whom should not be otherwise involved in the contract evaluation or award. The Responsible Officer shall keep a written record of all negotiations, including notes of all meetings and the names of those people present.

17.4 Clarifications of ambiguous Tenders does not constitute post tender negotiations

17.5 At the conclusion of the post tender negotiation process, those Providers invited to negotiate will be formally invited to submit a best and final offer under the same procedure as for the receipt and opening of original Tenders or quotations.

CPR18: Acceptance of Tenders

- 18.1 A tender **other than** the ~~that which meets the most economically advantageous tender (MEAT) criteria~~ lowest tender if payment is to be made by the Council or the highest tender if payment is to be received by the Council, or the tender which in the opinion of the relevant Director is the most economically advantageous to the Council (having regard to price, quality and technical considerations) shall not be accepted until the Council or relevant Service Committee have considered and approved a written report from the relevant ~~Service Manager~~Head of Service. The MEAT criteria includes the 'Best Price-Quality Ratio' which means price or cost plus other criteria and equates to value for money. The use of Life Cycle Costing must also be ensured in the evaluation of Tenders. The evaluation of such costs must involve the assistance of the Council's Finance Section.
- 18.2 No Contract may be awarded unless the expenditure involved has been included in approved estimates or in capital or revenue accounts or has been otherwise approved by or on behalf of the Council.
- 18.3 The only exception permitted under this Procedure Rule is where works/supplies/services are ordered on grounds of extreme urgency (e.g. responding to a civil emergency). The Responsible Officer should consult with the Director of Resources and appraise him/her of the position, so that as soon as practicable arrangements can be made to report the matter to Council or the relevant Service Committee.
- 18.4 No contract with a quoted value in excess of £50,000 shall be awarded until the Director of Resources has checked the Provider's financial standing and provided written confirmation that this is satisfactory for the Contract to be undertaken.
- 18.5 The Responsible Officer shall work with the Procurement Assistant to ensure compliance with OJEU requirements for the publication of Contract Award Notices and provide copies of the Notice(s) to the ~~Legal Services Manager~~Head of Legal and Democratic Services and the Director of Resources.
- 18.6 Details of all Contract awards ~~exceeding £50,000~~ shall be forwarded to ~~the Financial Services Section~~Procurement Assistant for inclusion in the Council's Contracts Register as soon as possible after the award and prior to works commencing. Such notification ~~to~~must also include evidence of the authority to enter into the Contract.

CPR19: Nominated Sub-Contractors and Suppliers

- 19.1 Contract Procedure Rules apply to the nomination of a sub-contractor or nomination of a supplier for carrying out works or services or supplying goods or materials as part of a larger contract. This would generally be due to the specialist nature of the works, goods or services required.
- 19.2 Where the estimated amount of the sub-contracted work to be undertaken by the nominated sub-contractor, or the estimated value of the goods to be supplied by the nominated supplier does not exceed £50,000 then unless in the opinion of the responsible Director there ~~are~~ could be grounds for exemption (in which case CPR5 must be followed in full), competitive written quotations shall be sought in accordance with CPR 6.3.
- 19.3 Where the estimated amount of the sub-contracted work to be undertaken by the nominated sub-contractor, or the estimated value of the goods to be supplied by the nominated supplier exceeds £50,000 then unless in the opinion of the responsible Director there ~~are~~ could be grounds for exemption (in which case CPR5 must be followed in full), tenders shall be invited in accordance with CPR 12.
- 19.4 Any exemption from these Procedure Rule requirements must comply with CPR 5.

CPR20: Form of Contract

- 20.1 Every Contract exceeding £50,000 in value, or below £50,000 where a formal tendering process has been undertaken –and in any other case where the ~~Legal Services Manager~~Head of Legal and Democratic Services so decides, shall either be documented using an approved Standard Form of Contract or be in writing in a form approved by the ~~Legal Services Manager~~Head of Legal and Democratic Services and shall specify:
- (a) the works or services to be performed and/or the goods or materials to be supplied;
 - (b) the parties to the contract including any guarantor;
 - (c) the price to be paid with a statement of discounts or other appropriate adjustments;
 - (d) the time within which the Contract is to be performed or carried out;
 - (e) that the Provider will not assign the Contract without the written consent of the Council;
 - (f) any appropriate restriction on sub-contracting by the Provider;
 - (g) where appropriate that the Provider will pay liquidated damages or other damages to the Council should the terms of the Contract not be properly carried out, including the method by which such damages will be calculated and the circumstances in which they will be payable;
 - (h) any performance bond or parent company guarantee required and the Responsible Officer shall consult with the Director of Resources and ~~Legal Services Manager~~Head of Legal and Democratic Services before including or excluding such a requirement in the tender documents ;
 - (i) that the Provider will adopt safe methods of work and comply with all other requirements of the Health and Safety at Work Act 1974;
 - (j) that the Council may cancel the Contract and recover any loss if the Provider, its employees, agents and sub-providers offer any reward relating to the Contract or commit any offence under the Prevention of Corruption Acts 1889 to 1916 or have given any fee or reward the receipt of which is an offence under section 117(2) of the Local Government Act 1972;
 - (k) that the Provider shall comply with UK Data Protection legislation and indemnify the Council in respect of the use, disclosure or transfer of personal data by the Provider, its employees, agents and sub-Providers.

- (l) that the Provider shall not unlawfully discriminate within the meaning of the ~~Race Relations Act 1976~~ Equality Act 2010 or any comparable statutory provision relating to discrimination in employment, and shall ensure that all employees, agents and sub-contractors do not unlawfully discriminate, and shall comply with all relevant codes of practice issued by the ~~Commission for Racial Equality~~ Equality and Human Rights Commission, or comparable body and, so far as is practicable, operate an equal opportunities policy which complies with the practical guidance and recommendations contained in such codes of practice.
- (m) that the Provider will indemnify the Council against:
- any claim which may be made in respect of employers' liability against the Council or the Provider by any workmen employed by the Provider or any sub-contractor in the execution of the work or in the provision of goods and services
 - any claim for bodily injury to, or damage to property of, third parties
 - any claim which may be made under the Health and Safety at Work etc Act 1974 against the Council or the Provider unless such claim is substantially due to the neglect of the Council or any of its Officers.
- (n) that in respect of (m) above, the Provider will be required to produce satisfactory evidence that they are insured against such claims
- (o) that Providers shall hold the Council's interests paramount and strictly avoid conflict with other work or their own corporate interests
- (p) the dispute resolution process to be followed in the event of any dispute
- (q) the amount of notice period to be recognised by both parties in the event of a change to, or termination of, the Contract
- (r) the recovery mechanism to be followed should any sum of money become recoverable from or payable by the Provider.
- (s) the requirements of the Freedom of Information Act and the Local Authorities Data Transparency Code
- (t) that they comply with the requirements of the supply chain requirements under the Modern Slavery Act 2015

CPR21: Execution of Contracts

- 21.1 Contracts with a value of less than £50,000 may be signed by the relevant Director.
- 21.2 Every Contract which exceeds £50,000 in value shall either be signed for and on behalf of the Council by the Chief Executive or Director of Resources or be executed as a deed.

CPR22: Contract Variation

22.1 Where by reason of any extra or variation (other than a Contract extension under CPR 12.1(~~eb~~)) it is apparent that:

- (a) the tender sum is to be exceeded by 10 per cent; or
- (b) the variation would extend the Contract period by more than three months or 50 per cent of the original Contract period; or
- (c) if the works, services or goods to be added or deleted from the Contract are substantially different in scope

the relevant ~~Service Manager~~Head of Service shall report the same to the Director of Resources and ~~Legal Services Manager~~Head of Legal and Democratic Services.

22.2 Should further variations as set out in CPR 22.1 above arise after the ~~Service Manager~~Head of Service's initial report, these further variations shall also be reported as set out in CPR 22.1 above.

22.3 Details of all variations shall be recorded in the contract file and shall be reported to the appropriate Service Committee on a regular basis, and also as part of the regular monitoring/budgetary control process ensuring compliance with Financial Regulations.

22.4 In the case of any contracts covered under the EU Regulations, where the Contract Value increases by 50% or more from that at the point of Contract Award, then the tender opportunity must be re-advertised. The reporting requirements at 22.1 and 22.3 above must also be followed.

ANNEX 1: EU Procurement Directives – Thresholds and Procedures (Fully Revised)

FOR INFORMATION ONLY
NOT FORMING PART OF THE COUNCIL'S ADOPTED CONTRACT PROCEDURE RULES

Any procurements that encompass these regulations must ensure involvement of the Head of Financial Services and Head of Legal and Democratic Services

Purpose

The purpose of the EU procurement rules, underpinned by the Treaty principles, is to open up the public procurement market and to ensure the free movement of supplies, services and works within the EU. In most cases they require competition. The EU rules reflect and reinforce the value for money focus of the Government's procurement policy. This requires that all public procurement must be based on value for money, defined as 'the best mix of quality and effectiveness for the least outlay over the period of use of the goods or services bought', which should be achieved through competition, unless there are compelling reasons to the contrary.

Current Thresholds (Subject to possible change January 2016)

	<u>Value over the full anticipated lifetime of supply</u> <u>£</u>
<u>Supplies and Services</u>	<u>172,514</u>
<u>Light touch regime services (Previously 'Part B' services)</u>	<u>625,050</u>
<u>Works</u>	<u>4,322,012</u>
<u>PIN</u>	<u>625,050</u>
<u>Small lots (Services)</u>	<u>66,672</u>
<u>Small lots (works)</u>	<u>833,400</u>
<u>Utilities (Works)</u>	<u>4,322,012</u>

The value of a contract is the expected amount of consideration (in money or money's worth) that will be received by the person or organisation that carries out the works or provides the services or supplies, **over the full anticipated lifetime of supply.**

Procurement Routes and Time Limits

Open Procedure

This procedure is generally used where the expected number of responses is likely to be manageable. Any organisation expressing an interest in an advertised opportunity is invited to tender and is directed to the online tender pack. This must be completed fully and returned with any requested supporting information by a specified date and time. A panel of officers evaluate responses against pre-set criteria and the highest scoring tenderer is awarded the contract.

<u>Normal Minimum Time Limit</u>	<u>If Urgent</u>	<u>Where Prior Information Notice Published</u>	<u>Normal Minimum Time Limit for Local Government</u>
<u>Minimum time limit for receipt of tenders</u> 35 days	<u>Minimum time limit for receipt of tenders</u> 15 days	<u>Minimum time limit for receipt of tenders</u> 15 days	-

Restricted Procedure

This procedure is generally used if a high level of interest is anticipated. This procedure requires organisations who express an interest to undergo an initial pre-qualification assessment to appraise such things as their economic and financial standing, capability and capacity and compliance with Health and Safety and Equal Opportunities. Normally organisations are sent a pre-qualification questionnaire which must be completed fully and returned by a specified date and time. A panel of officers evaluate responses against pre-set criteria and the most suitable applicants are then invited to tender.

<u>Normal Minimum Time Limit</u>	<u>If Urgent</u>	<u>Where Prior Information Notice Published</u>	<u>Normal Minimum Time Limit for Local Government</u>
<u>Minimum time limit for requests to participate</u> 30 days	<u>Minimum time limit for requests to participate</u> 15 days	<u>Minimum time limit for requests to participate</u> 30 days	<u>Minimum time limit for requests to participate</u> 30 days
<u>Minimum time limit for tenders</u> 30 days	<u>Minimum time limit for tenders</u> 10 days	<u>Minimum time limit for tenders</u> 10 days	<u>Minimum time limit for tenders to be set by agreement with tenderers. In absence of agreement minimum time limit</u> 10 days

Competitive Procedure with Negotiation

Under the Competitive Procedure with Negotiation, any Supplier may request to participate in the exercise. The council makes an initial evaluation of the candidates based upon the grounds of exclusion and the selection criteria published in the contract notice. It may limit the number of suitable candidates to be invited to participate in the procedure. The council then invites its chosen Suppliers to submit an initial tender.

The council will negotiate with tenderers the initial and all subsequent tenders submitted, except for the final tender, to improve their content. The minimum requirements and the award criteria are not subject to negotiation.

<u>Normal Minimum Time Limit</u>	<u>If Urgent</u>	<u>Where Prior Information Notice Published</u>	<u>Normal Minimum Time Limit for Local Government</u>
<u>Minimum time limit for requests to participate 30 days</u>	<u>Minimum time limit for requests to participate 15 days</u>	<u>Minimum time limit for requests to participate 30 days</u>	<u>Minimum time limit for requests to participate 30 days</u>
<u>Minimum time limit for initial tenders 30 days</u>	<u>Minimum time limit for tenders 10 days</u>	<u>Minimum time limit for tenders 10 days</u>	<u>Minimum time limit for tenders to be set by agreement with tenderers. In absence of agreement minimum time limit 10 days</u>

Competitive Dialogue

This is an option that allows for bidders to develop alternative proposals in response to the council's outline requirements. Only when their proposals are developed to sufficient detail are tenderers invited to submit competitive bids. The aims are to increase value by encouraging innovation and to maintain competitive pressure in bidding for complex contracts.

<u>Normal Minimum Time Limit</u>	<u>If Urgent</u>	<u>Where Prior Information Notice Published</u>	<u>Normal Minimum Time Limit for Local Government</u>
<u>Minimum time limit for requests to participate 30 days</u>	=	=	=
<u>No time limits for submission of initial/subsequent tenders</u>	=	=	=