

Audit Committee

Agenda

Members of the Audit Committee

Mr G K Nurden
(Chairman)

Mr P C Bulman
(Vice Chairman)

Mr A D Crotch
Ms S I Holland
Mrs K A Vincent

Substitutes Conservatives

Mr N J Brennan
Mr D King
Mr M L Murrell
Mr N C Shaw

Liberal Democrat
Vacancy

Date

Thursday 14 November 2019

Time

10.00 am

Place

John Mack Room
Thorpe Lodge
1 Yarmouth Road
Thorpe St Andrew
Norwich

Contact

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@BDCDemServices

If any member wishes to clarify details relating to any matter on the agenda they are requested to contact the relevant Head of Service.

The Openness of Local Government Bodies Regulations 2014

Under the above Regulations, any person may take photographs, film and audio-record the proceedings and report on all public meetings. If you do not wish to be filmed / recorded, please notify an officer prior to the start of the meeting. The Council has a protocol, a copy of which will be displayed outside of each meeting room and is available on request.

**The Chairman will ask if anyone wishes to
film / record this meeting**

A G E N D A

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5	<u>Contract Standing Orders</u>	16 – 32
	To consider recommending the revised Contract Standing Orders for approval.	
6	<u>Work Programme</u>	14
	To consider the Committee's Work Programme.	

Trevor Holden
Managing Director

Glossary

General Terms	
AGS	<i>Annual Governance Statement</i> – This is a statement prepared by the Council each year to summarise the governance and assurance framework, and highlight any significant weaknesses in that framework
BAD DEBT PROVISION	To take account of the amount of debt which the Council estimates it will not be able to collect
CIPFA	<i>The Chartered Institute of Public Finance and Accountancy</i> – The accountancy body for public services
CREDITOR	A person or organisation which the Council owes money to for a service or goods
KPI	Key Performance Indicator
LDF	<i>Local Development Framework</i> – Outlines the management of planning in the Council
LEDGER	A module within the finance system e.g. Sales Ledger, Purchase Ledger, General Ledger
LGA	<i>Local Government Association</i> – a lobbying organisation for local councils
LGPS	<i>Local Government Pension Scheme</i> - Pension Scheme for all public sector employees
NFI	<i>National Fraud Initiative</i> – A national exercise to compare data across public sector organisation to aid identifying potential frauds
NHB	<i>New Homes Bonus</i> – Grant paid by central Government to local councils for increasing the number of homes and their use
NI	<i>National Indicator</i> – A measure used to identify how the Council is performing that is determined by central Government
NNDR/NDR	<i>(National) Non-Domestic Rates</i> – Commonly known as Business Rates
PI	<i>Performance Indicator</i> – Measure used to identify how the Council is performing
PSN	<i>Public Services Network</i> – Provides a secure private internet for organisations across central Government and the Wider Public Sector and standardised ICT infrastructure
RAD	Rent Assisted Deposit scheme
SLA	<i>Service Level Agreement</i> – An agreement that sets out the terms of reference for when one organisation provides a service to another
MTFP	<i>Medium Term Financial Plan</i> – Sets out the future forecast financial position of the Council
SUNDRY DEBTOR	A customer who owes the Council money for a service they have received prior to payment, this excludes Council Tax or NDR. The term can also refer to the system used to record money owed to the Council e.g. the Sundry Debtors system which is a module within the financial system.

Audit Terminology	
APB	<i>Auditing Practices Board</i> – The body that sets the standards for auditing in the UK
COUNT	<i>Count Once, Use Numerous Times</i> – A system used for data collection and analysing, which works to avoid duplication by assuming the principle that a piece of data should be recorded once but used several times in different ways
ISA	<i>International Auditing Standard</i> – Provides external auditors with a required framework that dictates work to be undertaken before awarding an opinion on the statement of accounts
VFM Conclusion	<i>Value for Money Conclusion</i> – The Audit Commission are required to give an annual conclusion on the Council's arrangements for providing value for money in addition to the opinion given on the statement of accounts
Accounting Terminology	
BRRS	<i>Business Rates Retention Scheme</i> – Provides a direct link between business rates growth and the amount of money councils have to spend on local people and local services (the Council retains a proportion of the income collected as well as growth generated in the area)
CFR	<i>Capital Financing Requirement</i> – A calculated figure that establishes the amount of money the Council needs to borrow
Collection Fund	A separate account statement that records the transactions relating to the collection and redistribution of Council Tax and Business Rates
GAAP	<i>Generally Accepted Accounting Practice</i> – This provides the overall framework for accounting principles prior to IFRS adoption in local government (also "UK GAAP" – specific to the United Kingdom)
IAS	<i>International Accounting Standards</i> – These were the precursors for international financial reporting standards (see below)
IFRS	<i>International Financial Reporting Standards</i> – The underlying standards for the Council's accounting policies and treatment of balances
IPSAS	<i>International Public Sector Accounting Standards</i> – These set out the accounting standards for public sector bodies, and are based on the international financial reporting standards
MRP	<i>Minimum Revenue Provision</i> – The amount of money the Council needs to set aside each year to fund activities from revenue balances
Non-current assets	Assets from which benefit can be derived by the Council for more than one year (formerly known as Fixed Assets)
RSG	<i>Revenue Support Grant</i> – One source of Council funding from central Government
SSAP	<i>Statement of Standard Accounting Practice</i> – Preceded the financial reporting standards in the UK
The Code	<i>Code of Practice on Local Authority Accounting in the UK</i> – Main guidance on accounting treatment required for the statement of accounts
Virement	The process of transferring a sum of money from one part of the Council's budget to another, subject to appropriate approval
WGA	<i>Whole of Government Accounts</i> – An exercise undertaken to consolidate all the accounting records of Government bodies

International Accounting and Financial Reporting Standards Reference Numbers	
IAS1	<i>Presentation of Financial Statements</i> – Sets out the prescribed format for statements of accounts
IAS19	<i>Employee Benefits</i> – Essentially provides the basis for accounting for the pension fund
IAS20	<i>Accounting for Government Grants</i> – Establishes the accounting treatment for receiving Government grants
IAS40	<i>Investment Property</i> – How organisations should account for properties held as an investment
IPSAS16	<i>Investment Property</i> – How public sector organisations should account for properties held as an investment
IPSAS23	<i>Revenue from non-exchange transactions (taxes and transfers)</i> – This determines how monies from taxes should be treated in the accounts

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DECLARATIONS OF INTEREST AT MEETINGS

When declaring an interest at a meeting Members are asked to indicate whether their interest in the matter is pecuniary, or if the matter relates to, or affects a pecuniary interest they have, or if it is another type of interest. Members are required to identify the nature of the interest and the agenda item to which it relates. In the case of other interests, the member may speak and vote. If it is a pecuniary interest, the member must withdraw from the meeting when it is discussed. If it affects or relates to a pecuniary interest the member has, they have the right to make representations to the meeting as a member of the public but must then withdraw from the meeting. Members are also requested when appropriate to make any declarations under the Code of Practice on Planning and Judicial matters.

Have you declared the interest in the register of interests as a pecuniary interest? If Yes, you will need to withdraw from the room when it is discussed.

Does the interest directly:

1. Affect yours, or your spouse / partner's financial position?
2. Relate to the determining of any approval, consent, licence, permission or registration in relation to you or your spouse / partner?
3. Relate to a contract you, or your spouse / partner have with the Council
4. Affect land you or your spouse / partner own
5. Affect a company that you or your partner own, or have a shareholding in

If the answer is "yes" to any of the above, it is likely to be pecuniary.

Please refer to the guidance given on declaring pecuniary interests in the register of interest forms. If you have a pecuniary interest, you will need to inform the meeting and then withdraw from the room when it is discussed. If it has not been previously declared, you will also need to notify the Monitoring Officer within 28 days.

Does the interest indirectly affect or relate any pecuniary interest you have already declared, or an interest you have identified at 1-5 above?

If yes, you need to inform the meeting. When it is discussed, you will have the right to make representations to the meeting as a member of the public, but must then withdraw from the meeting.

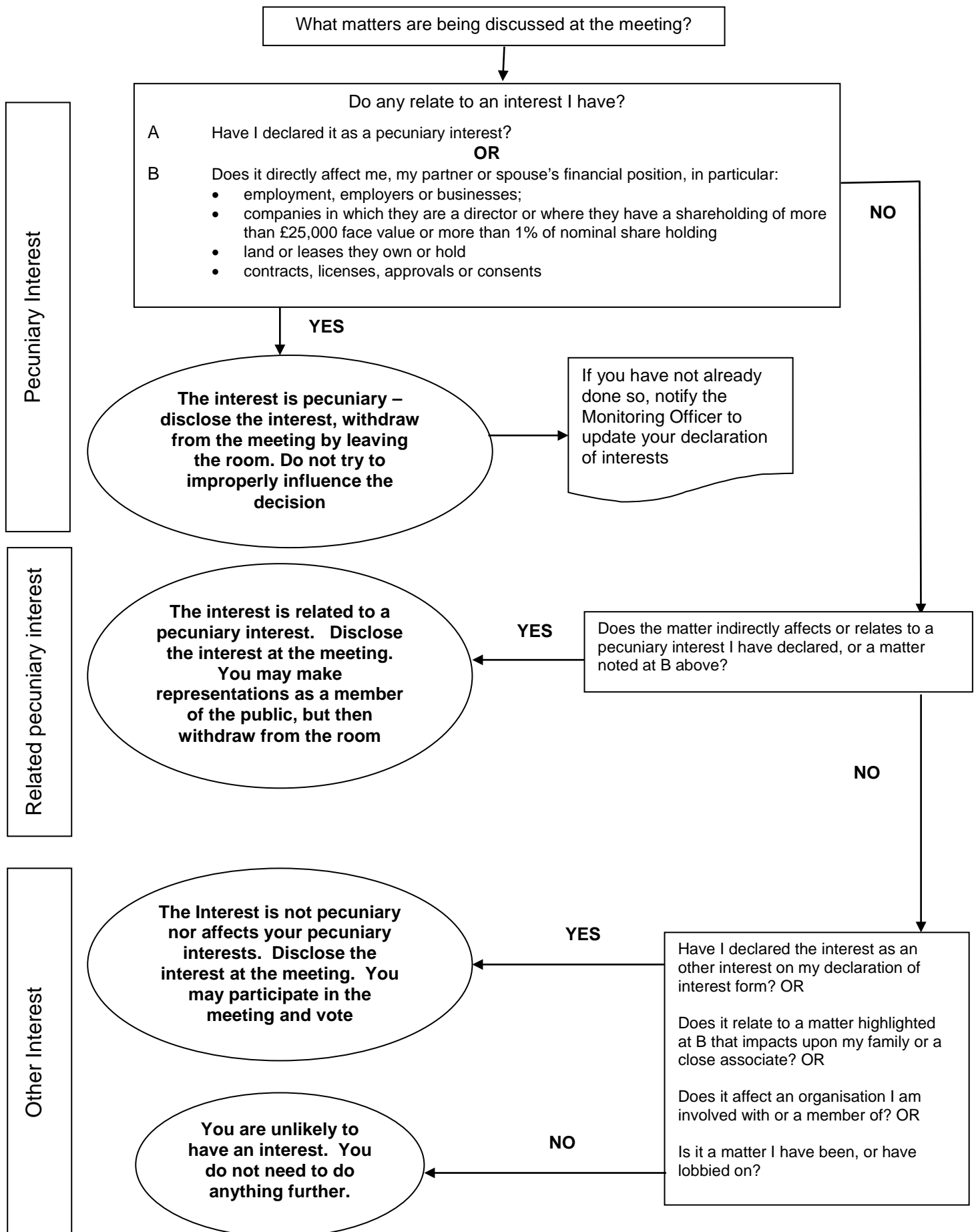
Is the interest not related to any of the above? If so, it is likely to be another interest. You will need to declare the interest, but may participate in discussion and voting on the item.

Have you made any statements or undertaken any actions that would indicate that you have a closed mind on a matter under discussion? If so, you may be predetermined on the issue; you will need to inform the meeting, and when it is discussed, you will have the right to make representations to the meeting as a member of the public, but must then withdraw from the meeting.

FOR GUIDANCE REFER TO THE FLOWCHART OVERLEAF

PLEASE REFER ANY QUERIES TO THE MONITORING OFFICER IN THE FIRST INSTANCE

DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF



Minutes of a meeting of the **Audit Committee** held at Thorpe Lodge, 1 Yarmouth Road, Thorpe St Andrew, Norwich on **Thursday 10 October 2019** at 10.00 am when there were present:

Mr G K Nurden – Chairman

Mr P E Bulman

Mr A D Crotch

Ms S I Holland

Mrs K A Vincent

Officers in attendance were the Director of Resources, Internal Audit Manager and the Committee Officer (JO).

Ms S Powell (Ernst and Young) was also in attendance.

12 APOLOGIES FOR ABSENCE

An apology for absence was received from Mr Shaw.

13 MINUTES

The Minutes of the meeting held on 25 July 2019 were confirmed as a correct record and signed by the Chairman.

Minute No. 9 – Minutes (Matters Arising)

Members were advised that the Council had been very pro-active in detecting fraudulent single person Council Tax discount claims prior to joining the Norfolk Fraud Hub, which was the reason the Council had only recovered a small amount since it had joined the scheme.

An assessment of the value of continuing to remain in the Fraud Hub, would be made at the end of the Financial Year.

Details of the costs of participating in the Fraud Hub would be forwarded to Members after the meeting.

The Director of Resources also reported back to the Committee on the status of the Purchase Orders Audit, (BRD1809 key controls and assurance work) which required Purchase Orders to be used for all purchases. She confirmed that training had taken place to rectify this issue and a number of individuals had subsequently been identified, who were failing to use Purchase Orders. Work would continue to prevent this occurring however it had been decided that the staff restructure should be completed before wider training regarding this issue was rolled out across the whole one officer team. This was due to the restructure leading to some changes in roles and responsibilities together with a requirement to raise purchase orders on the two Finance Systems going forward.

The Internal Audit Manager confirmed that evidence would be required before the audit recommendation could be signed off.

14 RISK MANAGEMENT ASSESSMENT

The report provided details of the results of a Risk Maturity Assessment and made suggestions for improvements to increase the risk maturity level of the Council.

Standards developed by the Chartered Institute of Internal Auditors (CIIA) had been used to compare the risk management framework at Broadland against the following five stages of risk maturity: Risk Naive, Risk Aware, Risk Defined, Risk Managed and Risk Enabled.

The results of the Assessment suggested that Broadland's risk maturity was 'Risk Aware', which was at the lower end of risk maturity and could be characterised as 'a scattered, silo-based approach to risk management'.

The Assessment also identified that:

- No risk training had been requested or delivered for staff and there was no guidance in the Risk Strategy on the practical implementation of risk management.
- There was no defined scoring system for assessing the severity of risk in relation to delivering objectives and risk appetite had not been clearly defined and was not being considered in risk responses.
- There was no evidence that significant risks had been escalated upwards to senior management and Cabinet from operational areas at the Council.
- It was not possible to determine if risk management activity had been effective as although the Performance Report presented to Cabinet listed risks against each objective, in some cases, mitigating actions were not included, no deadlines for compliance were given and it was not clear whether the Council was choosing to reject or accept the identified risk.

As a result of the findings above it was proposed that an Enterprise Risk Management (ERM) framework be established to take a holistic approach to effectively manage risk. This would be especially relevant if the aspiration to develop a 'commercial culture' was to be established, as set out in the collaboration Feasibility Study.

The benefits of an ERM approach included:

- Greater focus on the issues that really matter;
- Risk focused culture; facilitates discussion about risk at all levels;
- Standardised risk reporting; consistent, comparable risks that are easy to interpret for effective decision making;
- Improved perspective; a complete viewpoint on risk that supports early detection, and an opportunity to exploit opportunities;
- Efficient use of resources; consistent analysis of risks allows prioritisation of the most appropriate response.

Members were advised that if it was adopted it would be essential to get all staff on board with this approach and ensure that they were aware of how to identify risk and escalate concerns to senior management.

Members confirmed that they supported the proposal, which would give the Audit Committee clear oversight of the effectiveness of the Risk Management Framework. This was especially important given the more commercially focused approach being taken by the Council going forward.

The Director of Resources advised the meeting that the Corporate Management Leadership Team had been discussing a Risk Management Strategy for both Broadland and South Norfolk and Member input into this piece of work would be welcomed as it was developed.

The Chairman expressed a concern that there could be difficulties if the risk appetites of the two Councils differed significantly. In response, the Director of Resources confirmed that both Councils had a lot of areas in common and the Risk Management Strategy would seek to align many of these and take a shared approach. In terms of risk appetite, any differences would continue to be recognised and monitored accordingly and escalated to senior management, if they were approaching the risk appetite levels set by each Council.

In response to a query, the Internal Audit Manager confirmed that the Audit Committee would have the opportunity to identify areas on the Risk Register that they would like to investigate further, even if they were not specific items identified on the Annual Audit Plan.

Members were informed that as staff were in a transitional period going towards a single paid service across two Councils, it was not thought appropriate to introduce the new the ERM immediately.

RESOLVED

To unanimously endorse the improvements proposed by Internal Audit and to agree to the adoption of an Enterprise Risk Management Framework.

15 AUDIT COMMITTEE – INDEPENDENT PERSON PROPOSAL

The report outlined a proposal for appointing an Independent Person to the Audit Committee and included a person specification that covered the Committee's requirements of ensuring that the individual appointed had the necessary skills and objectivity to carry out the role.

The Internal Audit Manager advised the meeting that Breckland Council had an Independent Member on its Audit Committee, who had proved to be a useful addition to the Committee.

Members suggested that it was premature at this stage to seek to appoint an Independent Member, as the Committee had not had the opportunity to carry out a self-assessment since the District elections in May 2019.

It was also considered that it would more effective to develop current Members' skills further before looking to make an external appointment to the Committee.

RESOLVED

To not proceed with the appointment of an Independent Person to the Audit Committee.

16 DRAFT COMMERCIALISATION STRATEGY

The report presented a draft joint Commercialisation Strategy, which proposed taking a common and collaborative approach to commercial opportunities with South Norfolk Council.

The objectives of the Strategy were to:

- Take a commercial approach to service design and management while having regard to our public service ethos promoting equity and fairness.
- Encouraging innovation while optimising assets and services.
- Exploit opportunities to generate income surplus for reinvestment by increasing income, reducing cost and maximising efficiency.

Members were advised that officer skills would need to be developed in order to deliver these objectives. However, the Councils had a large customer base and insight into that group could be utilised to up-sell and cross-sell where appropriate to deliver new services to new and existing customers.

It was emphasised that a more commercial approach would not be to the detriment of the Council's social responsibilities and public service ethos.

The Chairman emphasised that the Audit Committee should have oversight of commercial ventures such as Broadland Growth Ltd and he requested that a report on the Joint Venture Company be brought to a future meeting of the Committee.

RESOLVED

to endorse and recommend the Joint Commercialisation Strategy for approval.

17 ANNUAL AUDIT LETTER – YEAR END 31 MARCH 2019

The Audit Letter set out the work undertaken by External Audit during 2018/19.

An unqualified opinion had been given for the audit of the Council's financial statements for 2018/19 and it had been concluded that proper arrangements to secure value for money in its use of resources had been put in place.

The report also focused on the future and set out the impact that new accounting standards would have on the Council from 2020/21 in respect of leases which would need to be included on the balance sheet to comply with FRS 116.

The Director of Resources advised Members that due to a resource issue at EY, the certification work for the Housing Benefit subsidy claim for 2018/19

would not be completed by the 30 November 2019 deadline. The Council had asked the Department of Work and Pensions to grant it an extension to the New Year. A number of other local authorities were in a similar position.

RESOLVED

To note the Annual Audit Letter 2018/19.

18 WORK PROGRAMME

RESOLVED

to hold an additional meeting on 14 November 2019 to consider the following item:

- Contract Standing Orders / Contracts Procedure Rules and Rules for Financial Governance / Financial Procedure Rules

The meeting closed at 11.51 am

WORK PROGRAMME

9 January 2020	<ul style="list-style-type: none">• Internal Audit Progress Report• Internal Audit Follow Up Report• Audit Committee Self-Assessment• Pension Fund Presentation <p>BDR 1809 – Key Controls and Assurance Work – Purchase Orders</p>
12 March 2020	<ul style="list-style-type: none">• Strategic and Annual Internal Audit Plan 2020• Fraud Update
TBC 2020	<ul style="list-style-type: none">• Broadland Growth Ltd Update

AUDIT COMMITTEE

14 November 2019

Final Papers

Item	Details	Page No
5	<u>Contract Standing Orders</u> To consider recommending the revised Contract Standing Orders for approval.	16 – 32

DEMOCRATIC SERVICES

Broadland District Council
Thorpe Lodge, 1 Yarmouth Road, Norwich, NR7 0DU
Tel: 01603 430428
Email: cst@broadland.gov.uk

CONTRACT STANDING ORDERS

Report Author: Ian Purdom
Procurement Consortium Manager
tel: 01508 533645
email: ipurdom@s-norfolk.gov.uk

Portfolio Holder: Finance

Wards Affected: None

Purpose of the Report: The Contract Standing Orders have been reviewed to align the framework within which both Broadland Council and South Norfolk Council operate in terms of spending on Works, Services and Supplies.

Recommendation:

That the Audit Committee recommend that Council approves the revised Contract Standing Orders.

1 SUMMARY

- 1.1 The collaboration with South Norfolk has provided an opportunity to review the Council's current Contract Standing Orders to align and improve these so that the process of purchasing Works, Supplies and Services is as efficient and effective as possible for both officers and the businesses who the Councils purchase from. These revised Contract Standing Orders also enable a focus on, wherever appropriate, enabling social value, encouraging participation by local businesses to support the local economy and to assist in protecting the environment when bidding for Council procurement opportunities.

2 BACKGROUND

- 2.1 The Council's Contract Standing Orders form part of the Council's Constitution and provide the framework within which the purchase of Works, Supplies and Services are undertaken.

3 CURRENT POSITION

- 3.1 The proposed joint Contract Standing Orders (attached at Appendix 1) provide a single, comprehensive summary of the procurement processes which the Councils need to go through to demonstrate value for money, competitiveness and legal compliance. They set out clearly what officers need to do from project appraisal, tender evaluation, award of contract and through to ongoing contract management. They are also up-to-date in their references to framework agreements, which are commonly used now for large contracts, and in relation to risk management, bribery (following the introduction of the Bribery Act 2010, Public Services (Social Value) Act 2012), collaborative working and in relation to the European Union legislative requirements and associated UK regulations
- 3.2 The main changes are listed below:

CONTRACT PROCEDURES:

Current Contract Procedures:

Value	Procedure
Up to £5,000	Purchase order in accordance with the council's purchasing procedure
Over £5,000 and up to £100,000	Three quotations
Over £100,000-European Union threshold	Invitation to tender: (1) by open advertisement, or (2) to three suppliers chosen from a framework arrangement (3) to between three and five suppliers selected by response to advertisement. If fewer than three respond to the

Value	Procedure
	advertisement, all those considered suitable must be asked to tender. (4) The negotiated procedure specified in rule 21.
Above European Union Threshold	European Union procedure or through a framework agreement which complies with European Union Procedure

Proposed Contract Procedures:

Estimated total value	Selection procedure	Selection recommendations
Less than £20,000	Single quotation in writing including demonstration of value for money	Assistance Director or delegated to Officer
£20,001 to £75,000	At least three quotations in writing	Officer or Procurement Team
Above £75,001 but below the Public Contract Regulations 2015 Financial Threshold* see QSG	Invitation to Tender issued to a minimum of three suppliers or an open tender	Officer or Procurement Team
At or above the Public Contract Regulations 2015 Financial Threshold*	Advice must be sought from the Procurement Team and / or Director	Consult with the Procurement Team and the Director

*OJEU Financial Thresholds
Supplies and Services £181,302
Works £4,551,413

CONTRACT AWARD APPROVALS

Current Contract Award Approvals

Contract Value	Authority
Over £500,000	Cabinet
More than £50,000 and up to £500,000	Portfolio Holder
Not more than £50,000	Head of Service

Proposed Contract Award Approvals

Contract Value	Authority
Up to £20,000	Assistant Director
Up to £50,000	Director
Up to £100,000	CMLT
Above £100,000	Cabinet

DISPOSAL OF ASSETS (STOCK)

Current Disposal of Assets

Surplus or obsolete materials, stores or equipment must be disposed of by competitive tender or public auction unless the responsible chief officer decides that it would be uneconomic to do so. All write-offs of stock should be recorded, the assistant director finance will be notified of the write-off. All such write-offs will be recorded in the council's write-off book.

Proposed Disposal of Assets

Total Value	Method
Up to £20,000	By whatever means the relevant Director shall decide consistent with the asset disposal rules
£20,000 and above	Tender sought by public advertisement, by public auction or such other means as the Section 151 Officer shall approve after consultation with the Monitoring Officer

3.3 Other changes Include:

- Pre-Market Consultation
- Contract Terms and Conditions
- Contract Register and Forward Plans
- Waivers of CPR
- Guarantees and Insurance
- Contract Management

4 PROPOSED ACTION

- 4.1 Consistent thresholds are proposed across Broadland, South Norfolk Councils and the other Norfolk local authorities. This will enable shared procurement to be carried out more easily across Norfolk / Suffolk and should also enable the procurement team to more easily carry out additional procurement work for other authorities. For example, the team recently traded its services to Great Yarmouth Borough Council and likely to expand into North Norfolk District Council early 2020.
- 4.2 The proposed Contract Standing Orders have been considered in conjunction with other Norfolk and Suffolk District Councils, Preston, Norfolk and Suffolk County Councils.

5 OTHER OPTIONS

- 5.1 The Council could retain its existing Contract Standing Orders, but this would not align with those of South Norfolk Council and would not assist efficiency of procurement. More importantly there would be a missed opportunity to enable a focus on, wherever appropriate, enabling social value, encouraging participation by local businesses to support the local economy and to assist in protecting the environment when bidding for Council procurement opportunities

6 ISSUES AND RISKS

- 6.1 **Resource implications** – Approving the proposed Contract Standing Orders will enable more efficient use of resources.
- 6.2 **Legal implications** – The proposed Contract Standing Orders have been compiled in line with best practice.
- 6.3 **Equality implications** – There are no equality implications to consider.
- 6.4 **Environmental impact** – The proposed Contract Standing Orders will enable a focus to be placed on the impact on the environment when purchasing Works, Supplies and Services.
- 6.5 **Crime and disorder** – No impact upon crime and disorder.
- 6.6 **Risks** – There are no other risks to consider.

7 CONCLUSION

- 7.1 Members are requested to review the proposed Contract Standing Orders to align the framework within which both Broadland Council and South Norfolk Council operate in terms of spending on Works, Supplies and Services. The proposed Contract Standing Orders have been written in line with best practice and discussions with suppliers, to enable a focus on, wherever appropriate, enabling social value, encouraging participation by local businesses to support the local economy and to assist in protecting the environment when bidding for Council procurement opportunities

8 RECOMMENDATION

- 8.1 The Committee is recommended to request that Council approves the revised Contract Standing Orders.

Background Papers

None

Broadland and South Norfolk Councils

Contract Procedure Rules

Statement of Intent

Subject to the overriding principles in section 2 below, there will be a focus on, wherever appropriate, enabling social value, encouraging participation by local businesses to support the local economy and assist to protect the environment using environmental criteria in all contracts when appropriate when bidding for Council procurement opportunities.

1. COMPLIANCE

- 1.1 These Contract Procedure Rules (CPR) are the Council's contract standing orders under section 135 of the Local Government Act 1972. They must be followed every time the Council enters into a contract for works, supplies or services.
- 1.2 All public procurement and other applicable laws (including any European Union law directly or indirectly in force in England at the relevant time) must be followed. Such laws override any conflicting provision of the CPR.
- 1.3 These, the CPR must be read in conjunction with the Council's Constitution, including its Financial Procedure Rules, Procurement Quick Step Guide, (QSG) decision making processes and delegated authorities.
- 1.4 These CPR are the minimum standards which must be adhered to. Particular procurements may require a more thorough procedure than one defined by value alone, depending on the identifiable risks to the Council, or it may be beneficial to the Council to secure greater competition. If in any doubt as to the position on any procurement, consult the Procurement Team.
- 1.5 The CPR aim to promote the highest standards of probity, integrity and impartiality using the key procurement principles of transparency, equal treatment, non-discriminatory and proportionate manner. They thereby offer the best justification against allegations of purchases having been made fraudulently or incorrectly.
- 1.6 If it comes to notice of an Officer that there has been non-compliance with these CPR in respect for any contract which s/he is responsible as the Officer of the procuring section, s/he shall without delay notify the Director of Resources who shall take such action as deemed necessary.

2. PROCUREMENT PRINCIPLES:

- 2.1 The aim of every procurement process should be to achieve Value for Money, compliance with all legal requirements and support the Council's policies and objectives as part of the general requirement to secure Best Value.
- 2.2 Contractual arrangements should be made, wherever possible, on the Council's standard general terms or standard form contracts. When appropriate it is acceptable to use industry standard model contracts, with supplemental terms for contracts. Contracting on the supplier's terms should be avoided and only done when agreed with (and with the changes to those terms required by) Director of Resources and the Procurement Team.

- 2.3 These CPR apply to the appointment of Consultants, sub-contractors and any other legal entity (when acting on behalf of the Council) and must be followed in accordance with.
- 2.4 Approval for any advance payments to the supplier before receiving the relevant works, supplies or services, must be sought from the Director of Resources before proceeding to ensure protection of the Council's interests.
- 2.5 Tenders and Quotations received by fax or email must be rejected if above £20,001 as detailed in 2.6.
- 2.6 Tenders over the value of £20,001 must be returned electronically via the Council's e-tendering system and opened by the procurement team and/or nominated officer.
- 2.7 All contracts except where lowest price was predetermined to be the appropriate contract award criterion shall be awarded based on the offer that represents the Most Economically Advantageous offer to the Council.

3. EXCLUDED CONTRACTS

Contracts are not subject to these CPR if they are of the following and will be managed by the relevant specialist team at the Council in accordance with the Council's Constitution:

- 3.1 Contracts of employment which make an individual a direct employee of the Council;
- 3.2 Agreements regarding the acquisition, disposal or transfer of land only (i.e. without any connected development);
- 3.3 Contracts where the price of the goods or materials is wholly controlled by government order or otherwise and no reasonably satisfactory alternative is available;
- 3.4 For other reasons where there would be no genuine competition, or where the requirements of the competition have already been met e.g. frameworks;
- 3.5 The disposal of obsolete assets (see Financial Procedure Rules).

4. COMPLEX PROCUREMENTS

Where the procurement involves any of the following criteria the Procurement Team and the Director must be consulted:

- 4.1 Where the Total Value exceeds the relevant Public Procurement Thresholds (see QSG);-
- 4.2 Where the opportunity is likely, in view of its characteristics, to be of cross-border interest and therefore attract potential suppliers from outside the UK;-
- 4.3 Where any staff of the Council or an existing supplier spend the majority of their time providing the services which are to be procured (investigation would be needed to identify any potential TUPE implications in advance and obtain/provide employee liability information);-
- 4.4 The procurement involves leasing agreements;
- 4.5 Where it is proposed to use a supplier's own terms or any other form of contract which is not one of those normally used by the Council for other matters;-
- 4.6 Procurement of application software with a Total Value above £75,000;-

- 4.7 Agreements involving the development of land for public benefit;-
- 4.8 Where it is proposed to extend or vary an existing contract;-
- 4.9 Any collaborative procurements where the Council is working with other authorities to procure.
- 4.10 Where it is proposed to enter into a new contract with an existing supplier without competition (such as a new contract for a line of business software system);-
- 4.11 Where the procurement is complex in any other way or involves unusual risks.

5. PRE-PROCUREMENT PROCEDURE

Before commencing a procurement process, it is essential that the Officer leading the procurement is fully aware of the QSG. Consideration shall be given to the Council's Procurement Strategy.

6. PRELIMINARY MARKET CONSULTATION

Before commencing a procurement process the Officer may conduct market consultations with a view to preparing the procurement and informing potential suppliers of the Council procurement plans and requirements. This should be proportionate to the value of the contract.

- 6.1 Before commencing preliminary market consultation advice must be sought from the Procurement Team ensuring that the market consultation, would not have the effect of distorting competition and would not result in a violation of the principles of non-discrimination and transparency.

7. CONTRACTS PROCEDURES

The following table outlines the minimum selection procedure to be used where the procurement is within these CPR and is not complex (see Rule 4 above) and a suitable existing corporate contract or appropriate framework is not being used.

Minimum Contracts Procedures for Works, Supplies or Services:

Estimated Total Value	Selection procedure	Selection recommendations
Less than £20,000	Single quotation in writing (recorded) including demonstration of value for money	Assistance Director or delegated to Officer
£20,001 to £75,000	At least three quotations in writing	Officer or Procurement Team
Above £75,001 but below the Public Contract Regulations 2015 Financial Threshold see QSG	Invitation to Tender issued to a minimum of three suppliers or an open tender.	Officer or Procurement Team

At or above the Public Contract Regulations 2015 Financial Threshold	Advice must be sought from the Procurement Team and/or Director	Consult with the Procurement Team and the Director
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Estimating the Contract Value

The Council should make the best use of its procurement power by aggregating purchases wherever possible. It is not acceptable to split Works, Services or Supplies in attempt to avoid these CPR or the Public Contract Regulations.

Estimating the contract value must consider the value of the total contract duration. To determine the contract process, consult with the Procurement Team.

8. SINGLE QUOTATION PROCEDURE (Value less than £20,000):

Single quotes can be obtained in a variety of ways which may include phone, internet, letter, face to face, however the information needs to be recorded. Where quotations are obtained via phone or face to face interaction, these should be confirmed in writing (e.g. send e-mail or through third party providing written quote)

All quotes are subject to the following processes;

- 8.1 Although a formal procurement process does not need to be followed, value for money needs to be demonstrated.
- 8.2 Officers should select a supplier by any reasonable means.
- 8.3 Request a final written quote from the supplier.
- 8.4 Reasons for the selection are to be recorded centrally.
- 8.5 Raise an appropriate Purchase Order to the supplier using the Council's financial software, prior to placing the order ensuring this refers to or incorporates the relevant contract document(s).

9. MULTIPLE QUOTATION PROCEDURE (Value £20,001 to £75,000):

Having followed QSG:

- 9.1 Identify the appropriate contract to be used or contact the Procurement Team.
- 9.2 Develop and include in the relevant sections of the Council's invitation to bid documents, so that prospective suppliers (including at least one local supplier where practicable without improperly excluding other suppliers) can provide their quotations based on:

The evaluation criteria and

Specification of services/supplies/works required by the Council);- and

Performance indicators (if appropriate).

The Procurement Team can assist with developing the relevant criteria/specification/performance indicators.

Open quotation opportunities should use the Council's e-sourcing system if appropriate and publishing the opportunity nationally using Contracts Finder with or without any other advertisement. Best practice would be to publish the opportunity for contracts over £20,000.

- 9.3 The period allowed for responses should be adequate, considering the complexity of the Council's requirements, to provide a reasonable opportunity for suppliers to prepare and submit a quotation. This will normally be at least 10 working days.
- 9.4 Invitation to bid documents should be sent or made available to the suppliers via the Council's e-sourcing system either to the selected suppliers or in an open opportunity. Access to the Council's e-sourcing system will be arranged by the Procurement Team on request.
- 9.5 Any bids received after the appointed date/time will not be considered and advice must be obtained from the Procurement Team as to next steps.
- 9.6 Bids will remain electronically sealed until the appointed time and date and will be opened by the Procurement Team and nominated officer.
- 9.7 Bids must be evaluated against the specified evaluation criteria, liaising with the Procurement Team and the Finance Team to check the information provided by the suppliers and when appropriate investigate the financial status of the supplier(s).
- 9.8 If less than two bids are received, consult with the Procurement Team and follow their recommendations as to whether to arrange a new invitation to bid or obtain other evidence demonstrating that (because of the nature of the opportunity, an absence of suitable competitor suppliers or otherwise) the bid(s) received represent Value for Money.
- 9.9 Record centrally the details of the procurement, including reasons for the selection of the winning bid and/or bids received.

10. **TENDER PROCEDURE (Value more than £75,001 but below the Public Contract Regulations 2015 Financial Threshold):**

Having followed the QSG

Identify the appropriate contract to be entered by using the QSG.

- 10.1 Officers should engage the assistance of the Procurement Team as soon as it is anticipated that a tender may be required.
- 10.2 The Procurement Team will assist Officers with the following steps, including design of scope, evaluation criteria, performance indicators (if appropriate) and mitigation of risks/costs.
- 10.3 Officers should then either:
 - Select three or more specific potential suppliers to invite to tender (including at least one local supplier, where practicable without or
 - improperly excluding other suppliers, or

Open tender opportunities should use the Council's e-sourcing system if appropriate and publishing the opportunity nationally using Contracts Finder with or without any other advertisement. Best practice would be to publish the opportunity for contracts over £20,000.

- 10.4 Justification for inviting only selected potential suppliers must be approved by the Procurement Team and recorded with procurement documentation.
- 10.5 The period allowed for responses should be adequate, considering the complexity of the Council's requirements; to provide a reasonable opportunity for suppliers to prepare and submit a tender. This will normally be at least 20 working days.
- 10.6 Invitation to tender documents should be sent or made available to the suppliers via the Council's e-sourcing system either to the selected suppliers or in an open opportunity. Access to the Council's e-sourcing system will be arranged by the Procurement Team on request.
- 10.7 Any bids received after the appointed date and time will not be considered and advice must be obtained from the Procurement team as to next steps.
- 10.8 Bids will remain electronically sealed until the appointed time and date and will be opened by the Procurement Team and nominated officer.
- 10.9 The Procurement Team will manage evaluation of tenders against the specified evaluation criteria and liaise with the Finance Team to check the information provided by the suppliers and if appropriate investigate the financial status of the supplier(s).
- 10.10 The Procurement Team will assist in seeking approval, awarding the contract and completion of the procurement process.
- 10.11 Record centrally the details of the procurement, including reasons for the selection of the winning bid and/or bids received.

11. TENDER PROCEDURE FOR ABOVE PUBLIC CONTRACT REGULATIONS 2015.

Advice must be sought from the Council's Procurement Team where the estimated value is likely to exceed the PCR 2015 Financial Thresholds.

The Procurement Team will manage the procurement process to ensure compliance of the PCR 2015.

The evaluation criteria and weightings must be prepared to enable the most economically advantageous tender or bid (MEAT), to be identified, ensuring that all such criteria are appropriate for and proportionate to the relevant contract.

A report for Corporate Management Team Leadership Team must be prepared for all procurements over the PCR to include and not limited to:

- Nominated contract manager,
- Risk assessments and risk register,
- Contingency measures (including early termination and exit strategy)
- Annual review of insurance policy
- Contractual performance
- Innovations
- Social Value delivery
- Complaints and compliments

- Data Protection issues (if appropriate).

12. TENDER EVALUATION

Tenders must be evaluated in accordance with the evaluation criteria as set out in the invitation to tender documents.

The arithmetic in tenders must be checked by the appropriate officer as defined in the procurement documentation. If arithmetical errors are found they should be notified to the supplier, who should be requested to confirm or withdraw their tender.

13. DECLARATION OF INTEREST

If it comes to the knowledge of a Member or Officer (or other appropriate person) of the Council that a contract in which they have a pecuniary interest has been, or is to be, entered by the Council then they must immediately give written notice to the Monitoring Officer. This needs to be recorded on the annual return.

The Monitoring Officer shall maintain records of all declaration of interests notified by Members and Officers (or other appropriate person).

14. POST TENDER NEGOTIATION

Post tender negotiation is to be the exception and such negotiations shall be conducted strictly in accordance with the following:

- They shall take place at predetermined times and places;
- The Procurement team, Monitoring Officer and the Section 151 Officer or their Deputies, must be notified of the time and venue of all negotiations;
- More than one officer of the Council shall always be present, including either the Monitoring Officer or the Section 151 Officer or their Deputies, or their senior representative.
- The signed record of all meetings shall be kept on file.
- In the event of a contract being awarded, the relevant signed records of meetings shall be bound into the contract.

15. CONTRACT AWARD

15.1 The approval level for accepting tenders and quotations is as follows:

Up to £20,000	Assistant Director
£20,001 to £50,000	Director
£50,001 to £100,000	CMLT
Above £100,001	Cabinet

15.2 Officers in conjunction with the Procurement Team must notify all suppliers simultaneously and as soon as possible of the intention to award the contract to the successful supplier and stipulating the standstill period (if any) applied in the notification. If an unsuccessful supplier challenges the decision, the Officer shall not award the contract and shall immediately seek the advice of the Procurement Team and Director of Resources.

15.3 Where a contract has been tendered below the PCR 2015 and above £20,000 the Council shall publish a contract award notice on Contract Finder.

- 15.4 Where a contract has been tendered pursuant to the PCR 2015 the Council shall publish a contract award notice as detailed by the PCR 2015.

16. CONTRACT TERMS AND CONDITIONS

Contracts shall be entered on the Council's terms and conditions, which shall be included with each purchase order and invitation to quote or tender. Exceptions to this rule must be approved in advance by the Director of Resources including terms and conditions used under Framework Agreements.

- 16.1 Every formal contract in writing within the meaning of CPR shall specify or contain (as a minimum) wherever possible:

- (a) the services, supplies or works to be provided;
- (b) the price to be paid, with a statement of discounts or other deductions;
- (c) the time or times within which the contract is to be performed;
- (d) that all relevant health and safety legislation and codes of practice must be complied with and that any specific health and safety requirements set out in the invitation to tender prior to contract award have been satisfied;-
- (e) in appropriate cases (to be determined by the Director of Resources) provide for the payment of liquidated damages by the supplier where they fail to complete the contract within the time specified in the contract or any amendment thereto made in accordance with the terms of the contract;-
- (f) a clause empowering the Council to cancel the contract and recover from the supplier the amount of any loss resulting from such cancellation, if the Supplier or any person acting on their behalf shall, in relation to the obtaining or execution of the contract or any other contract with the Council, have committed any offence under the Prevention of Corruption Acts 1889 to 1916, or shall have given any fee or reward the receipt of which is an offence under Section 117(2) and (3) of the Local Government Act 1972, Bribery Act 2010, Data Protection Act 2018 and Modern Slavery Act 2015;-
- (g) a clause requiring the supplier to provide information to the Council for the Council to fulfil its obligations under the Freedom of Information Act 2000 and Environmental Information Regulations 2004;-
- (h) appropriate Employers Liability Insurance minimum of £10,000,000 or lower figure based on Officer's risk assessment in consultation with Finance (but not less than £5,000,000);-
- (i) appropriate Public Liability Insurance minimum of £10,000,000 or lower figure based on Officer's risk assessment in consultation with Finance (but not less than £5,000,000);- and
- (j) appropriate Professional Indemnity Insurance minimum of £1,000,000 or lower or higher depending on the risks and based on Officer's risk assessment in consultation with Finance.

17. EXECUTION OF CONTRACTS

Any contracts valued at above £100,000 shall be formal, made in writing and executed as a deed by the affixing of the Council's common seal or signed by the Director of Resources or other person duly authorised in this regard (as considered appropriate). All other contracts i.e.

less than £100,000) may be signed by the relevant Director or other person duly authorised in this regard (as considered appropriate) of the section.

18. CONTRACT REGISTER AND FORWARD PROCUREMENT PLANS

All Directors shall be responsible for the Contracts Register and Forward Procurement Plans and all prospective contracts entered into by the Council in excess of £5,000 unless the contract is less than three months duration.

Information required for maintaining the Contracts Register and Forward Procurement Plans will be provided in a timely manner to meet quarterly publication requirements.

19. FRAMEWORK AGREEMENTS AND DYNAMIC PURCHASING SYSTEMS

Framework Agreements and Dynamic Purchasing Systems (DPS) will contain instructions for use within its terms, and potentially include a requirement for a further competitive process between those suppliers who are parties to the Framework Agreements and DPS. In these cases, a Framework Agreement and DPS shall be tendered in accordance with these CPR and the Public Contract Regulations. Where the Council has entered into a Framework Agreement and/or through procurement or is able to place orders from existing Framework Agreements and/or procured by central government agencies, other local authorities or other third parties, then the Council may benefit from using those contracts without entering into a separate procurement. Procurement Team advice should be sought in advance before awarding a contract to a supplier using a Framework Agreement or DPS not procured directly by the Council.

If an appropriate Framework Agreement is available, it must be considered.

20. COLLABORATIVE PROCUREMENT

These CPR shall apply to any procurement where tenders are invited by the Council on behalf of any partnership, consortium, association or similar body of which the Council is a member, unless such tenders are invited in accordance with the method prescribed by such consortium, association or body and where necessary with the requirements of the PCR 2015.

21. CONTRACT EXTENSIONS

No contract may be extended except in accordance with its terms (subject to financial resources and satisfactory value for money assessment) and comply with the PCR 2015.

Prior to any contract extensions advice should sought from the Procurement Team.

22. WAIVERS OF CONTRACT PROCEDURE RULES

Waivers of any of these CPR shall only be given in exceptional circumstances provided the value does not exceed the PCR financial thresholds. Waivers may not be made retrospectively.

- 22.1 An Officer empowered to let a contract may seek a waiver from a Director and Section 151 Officer or their deputies and if above £100,000 Cabinet. All waivers shall be recorded on the Waiver Form and saved centrally.

23. BONDS, GUARANTEES AND INSURANCE

The Officer shall consider in all contracts the appropriate type (employee liability, public liability, professional indemnity, etc.) and level of insurance requirements for each contract. The Officer shall consult with Finance when determining the appropriate levels of insurance.

- 23.1 For all contracts over £100,000 (and any other circumstances deemed appropriate by the Officer and the Director of Resources), some form of security may be required from the potential supplier as part of the pre-procurement process,

24. OPERATIONAL EMERGENCY

In the event of circumstances rendering emergency measures necessary which cannot expediently be approved through normal Council procedures, the appropriate Officer(s) in consultation with the Managing Director (or a nominated officer), or not less than two Cabinet Members may, notwithstanding anything contained in the Council's CPR or Financial Procedure Rules, authorise the Officer to enter into a contract on behalf of the Council.

In a continuing emergency any action taken, or contract entered into shall be reported to a special Cabinet meeting as soon as possible which shall take such action as necessary to deal with the situation.

Prior to reference to Cabinet, such process of emergency measures shall be subject to a total limit of expenditure up to PCR 2015 Financial Thresholds.

Any adoption of these powers must be reported to the next Cabinet.

25. DISPOSAL OF ASSETS

Disposal and/or reallocation of assets needs to be managed with the same diligence as the acquisition process. Before any disposal and/or reallocation of assets reference must be made to the Council's Disposal Strategy. The Council has a duty of care regarding the disposal of equipment where environmental issues are appropriate.

- 25.1 Records must be retained for the disposal of assets in a similar way as for procurement decisions.
- 25.2 Any items of stock (other than land) deemed obsolete or surplus to requirements must, where the expected loss on disposal is no more than £20,000, be sold or disposed of only on the authorisation of the Director. Where the expected loss on disposal exceeds £20,000 the approval of the appropriate Director (s) must be obtained.
- 25.3 The method of disposing of surplus or obsolete stocks / stores or assets other than land must be determined as follows:

Total Value	Method
Up to £20,000	By whatever means the relevant Director shall decide consistent with the asset disposal rules
£20,000 and above	Tender sought by public advertisement, by public auction or such other means as the Section 151 Officer shall approve after consultation with the Monitoring Officer

- 25.4 Before an item is disposed of, consideration should be given as to whether there is a use for the item elsewhere within the Council. All options must be explored, and a record kept of the decisions made. It is the responsibility of each Director to establish that legal title rests with the Council prior to the disposal of any item. Disposal of land

will in all cases require advice and guidance from the appropriate body as set out in the Council's Financial Regulations.

26. CONTRACT MANAGEMENT

Efficiencies secured under competitive processes will only be realised with effective contractual management.

- 26.1 Named Officer(s) within the relevant section will be responsible for the day to day operational management of any new contract in their section.
- 26.2 The Procurement Team will assist in contract management, particularly in cross-functional (or cross-authority) agreements, with roles being established with sections at contract mobilisation.
- 26.3 Requirements for contract management are to include and not limited to: (as a minimum);
- 26.4 An annual review (in consultation with the Finance Team) of the financial status of any supplier in contract with the Council
- 26.5 Annual check for validity of any required certifications and evidence of current insurance cover
- 26.6 Regular review meetings at agreed intervals to discuss:
 - 1) Contractual performance (key performance measures)
 - 2) Social value delivery
 - 3) Innovations or other potential savings in areas relating to the contract or opportunities to improve the range of services provided.
 - 4) Risk identification, evaluation and management on subjects relating to the contract
 - 5) Customer complaints and compliments.
 - 6) Any data protection issues.

Intervals for these review meetings will vary depending on the complexity of the contract/commodity and the total value. Generally, the review meetings for any contract with a high-risk element or above the Public Contract Regulations financial threshold should be held at least six monthly and can be more frequent where performance or risk management are identified as an issue.

- 26.7 For all agreements with a total value above the PCR 2015 financial threshold a report must go annually, via the Managing Director, to the relevant Cabinet Member regarding:

Achievement of contractual objectives within the period

Current contractual direction (continue, review, exit, retender)

27. RETENTION OF DOCUMENTS

It is a legal requirement for commercial records to be retained for inspection by various Government authorities including HMRC.

- 27.1 The retention period commences once the Tender, Purchase Order or Contract is closed: all “open” documents are retained indefinitely.
- 27.2 The records to be retained, the retention period and which section retains them are detailed below:

Document	Retained by	Retention Period
Tenders/Quotations	e-procurement system/centrally	7 Years
Purchase Orders	Finance System/Section	7 Years
Contracts	Officer/Deed Room	7 Years
Suppliers Invoices	Finance System/Section	7 Years

The records should be kept in a format that facilitates accessibility for future use.

28. REVIEW AND AMENDMENT OF THE CONTRACT PROCEDURE RULES

The CPR shall be reviewed and updated on an annual basis.