

Public Document Pack

LICHFIELD DISTRICT COUNCIL

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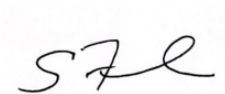
District Council House
Frog Lane
Lichfield
WS13 6YY

4 October 2021

To: Members of the Lichfield District Council

In accordance with Paragraph 4(2) of Part 1 of Schedule 12 to the Local Government Act 1972, you are hereby summoned to attend the meeting of the Lichfield District Council which will be held in the Council Chamber, District Council House, Frog Lane Lichfield on **TUESDAY, 12 OCTOBER 2021 at 6.00 pm.**

Access to the Council Chamber is via the Members' Entrance.



Chief Executive

A G E N D A

1. Apologies for Absence (if any)
2. Declarations of Interest
3. To Approve as a Correct Record the Minutes of the Previous Meeting (3 – 12)
4. Chair's Announcements
5. Report of the Leader of the Council on Cabinet Decisions from the Meetings held on 8 June, 6 July, 7 September and 5 October (copy to follow) and Cabinet Member Decisions (13 – 22)
6. Minutes of the Overview and Scrutiny Committee (23 – 30)
7. Minutes of the Planning Committee
The Chair of the Planning Committee to move that the proceedings of the meetings held on 5 July, 6 September and 4 October 2021 be received and where necessary approved and adopted (31 – 34)
8. Minutes of the Audit and Member Standards Committee
The Chair of the Audit and Member Standards Committee to move that the proceedings of the meetings held on 22 July and 22 September (to follow) 2021 be received and where necessary approved and adopted (35 – 40)
9. Minutes of the Regulatory and Licensing Committee
The Chair of the Regulatory and Licensing Committee to move that the proceedings of the meetings held on 29 July and 27 September 2021 be received and where necessary approved and adopted (41 – 44)

10. Community Infrastructure Levy - Governance Arrangements
To approve changes to the Community Infrastructure Levy Governance arrangements as recommended by Cabinet at the meeting held on 8 June 2021.
(45 – 60)
11. Update to the Medium Term Financial Strategy - Earmarked Reserves
To approve an update the Medium Term Financial Strategy to repurpose earmarked reserves as recommended by Cabinet at the meeting held on 7 September 2021.
(61 – 64)
12. Annual Treasury Management Report
To approve the 2020/21 Prudential Indicators contained within the report.
(65 – 68)
13. Development Management Services Structure
To approve an increase in the Revenue Budget as recommended by Cabinet at the meeting held on 7 September 2021.
(69 – 72)
14. Dual Stream Recycling
To approve an update to the Medium Term Financial Strategy as recommended by Cabinet at the meeting held on 7 September 2021.
(73 – 78)
15. Revised Financial Procedure Rules
To approve revised Financial Procedure Rules as recommended by Audit and Member Standards Committee at the meeting held on 22 September 2021.
(79 – 140)
16. Contract Procedure Rules
To approve revised Contract Procedure Rules as recommended by Audit and Member Standards Committee at the meeting held on 22 September 2021.
(141 – 222)
17. Membership of Committees
To agree that Councillor Matthews be appointed to the Planning Committee to replace Councillor Warfield and consider any other proposed changes to Committee membership.
18. Questions
To answer any questions submitted under procedure rule 11.2

COUNCIL

18 MAY 2021

PRESENT:

Councillors Powell (Chair), Cross (Vice-Chair), Anketell, Baker, Ball, Banevicius, Barnett, Binney, Birch, Checkland, Cox, Eagland, D Ennis, Evans, Grange, Greatorex, Gwilt, Ho, Humphreys, Lax, Leytham, A Little, E Little, Marshall, Matthews, Norman, Pullen, Ray, Robertson, Salter, Silvester-Hall, Smith, Spruce, Strachan, Tapper, Warburton, Warfield, Westwood, White, M Wilcox, S Wilcox, A Yeates and B Yeates.

1 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Eadie, L Ennis and Parton-Hughes.

2 DECLARATIONS OF INTEREST

There were no declarations of interest.

3 ELECTION OF CHAIR OF THE COUNCIL FOR THE ENSUING YEAR (FOLLOWED BY DECLARATION OF ACCEPTANCE OF OFFICE)

It was proposed by Councillor A Little, seconded by Councillor Baker and

RESOLVED: That Councillor Gwilt be elected Chair of the Council for the ensuing year.

Councillor Gwilt made and signed the Declaration of Acceptance of Office and thanked Members for his election as Chair.

COUNCILLOR GWILT (CHAIR OF THE COUNCIL) IN THE CHAIR

4 VOTE OF THANKS

It was proposed by Councillor Marshall, duly seconded and

RESOLVED: That the sincere thanks of the Council be accorded to Councillor Powell and his console Mrs Powell for their services to the Council.

5 TO APPROVE AS A CORRECT RECORD THE MINUTES OF THE PREVIOUS MEETING

The Minutes of the meeting held on 20 April 2021 were approved as a correct record.

6 TO RECEIVE THE RETURNING OFFICER'S CERTIFICATE OF ELECTION OF DISTRICT COUNCILLOR AND REPORT OF DECLARATION OF ACCEPTANCE OF OFFICE

The Returning Officer certified that Eileen Heather Tranter had been duly elected District Councillor for Summerfield and All Saints Ward and had signed her declaration of acceptance of office.

7 ELECTION OF VICE-CHAIR OF THE COUNCIL FOR THE ENSUING YEAR (FOLLOWED BY DECLARATION OF ACCEPTANCE OF OFFICE).

It was proposed by Councillor Lax, seconded by Councillor Marshall and

RESOLVED: That Councillor Greatorex be appointed as Vice-Chair of the Council for the ensuing year.

Councillor Greatorex signed the Declaration of Acceptance of Office and thanked Members for his appointment as Vice-Chair.

8 VOTE OF THANKS

It was proposed by Councillor Powell, duly seconded and

RESOLVED: That the sincere thanks of the Council be accorded to Councillor Cross and his console Mrs Cross for their services to the Council.

9 CHAIR'S ANNOUNCEMENTS

Civic Service

The Chair advised that due to the current Covid restrictions he would be confirming dates for the Civic Service later in the year.

Chair's Charity

The Chair announced that his chosen Charity would be Parkinson's UK.

10 REPORT OF THE LEADER OF THE COUNCIL ON CABINET DECISIONS FROM THE MEETING HELD ON 11 MAY 2021 AND CABINET MEMBER DECISIONS

Cllr Pullen submitted his report on Cabinet Decisions and answered Members questions.

Support was expressed for the Councillor Community Grant Scheme but questions were raised in relation to an initial proposal for implementing the scheme that appeared to represent less checks and balances than had been requested by the Overview and Scrutiny Committee.

Councillor Pullen advised that authority had been delegated to the Cabinet Member for Community Engagement and Climate Change to make changes if improvements were identified and this had been done. He confirmed that administrative costs associated with the audit trail would not diminish the pot available.

Questions were asked about the financial impact of the decision not to proceed with the sale of Netherstowe and Leyfields. It was confirmed that no cuts would be made and the capital receipt had been earmarked for the early repayment of a loan in connection with Burntwood Leisure Centre. The authority would now seek to achieve this from other sources.

Concerns were raised about the use of public funds in connection with Netherstowe and Leyfields. In response to a call for the matter to be considered by Overview & Scrutiny, Councillor Pullen advised that the issues related to process rather than policy and fell within the remit of Audit and Member Standards Committee.

11 MINUTES OF THE PLANNING COMMITTEE

It was proposed by Councillor Marshall, seconded by Councillor Baker and

RESOLVED: That the Minutes of the Meetings of the Planning Committee held on 12 April and 29 April be approved and adopted.

12 MINUTES OF THE AUDIT & MEMBER STANDARDS COMMITTEE

It was proposed by Councillor Greatorex, seconded by Councillor Wai Lee Ho and

RESOLVED: That the Minutes of the Meeting of the Audit and Member Standards Committee held on 27 April 2021 be approved and adopted.

13 MEMBERSHIP OF CABINET, COMMITTEES, PANELS AND OTHER APPOINTMENTS (INCLUDING ALLOCATION OF SEATS AND APPOINTMENTS BY POLITICAL GROUPS)

It was proposed by Councillor Pullen and seconded by Councillor Lax “that the Membership of Cabinet, Committees and Panels including the allocation of seats and appointments by Political Groups as submitted be approved.”

RESOLVED: (1) That the Membership of Cabinet, Committees and Panels including the allocation of seats and appointments by political groups as submitted be approved.

(2) That the Constitution be amended to reflect any changes made.

14 ELECTION OF CHAIRS AND APPOINTMENT OF VICE-CHAIRS OF COMMITTEES, PANELS ETC.

It was proposed by Councillor Pullen and duly seconded “that the Chairs and Vice-Chairs of Committees and Panels as submitted be approved.”

It was then proposed by Councillor Pullen and seconded by Councillor A Yeates that Councillor Leytham be appointed as Chair of the Overview & Scrutiny Committee.

RESOLVED:(1) That the Chairmen and Vice Chairmen of Committees and Panels as submitted be approved.

(2) That Councillor Leytham be appointed Chair of the Overview & Scrutiny Committee.

15 APPOINTMENT OF REPRESENTATIVES ON OUTSIDE BODIES

Councillor Pullen proposed that the appointment of representatives on outside bodies as submitted be approved.

Councillor Pullen noted that that Cllr Eadie was the current representative for the Cannock Chase AONB/SAC and it was intended that this would continue for 2021/22.

The proposal was seconded by Councillor Baker and it was

RESOLVED: That the appointment of Representatives on Outside Bodies as submitted be approved.

16 LEYFIELDS & NETHERSTOWE OPEN SPACE - AGREEMENT WITH BROMFORD

Consideration was given to the recommendations of Cabinet made at the meeting held on 11 May 2021

It was proposed by Councillor Pullen, seconded by Councillor Marshall and

RESOLVED: (1) That approval be given to refund planning applications fees of £13,365.60 and make a payment of £103,491.37 (a total of £116,865.97) to Bromford, and amend the Medium Term Financial Strategy to fund the payment from general reserves.

(2) That approval be given to further amend the Medium Term Financial Strategy to remove the capital receipt of £527,000 from the Capital Programme.

17 MODERN SLAVERY STATEMENT

Consideration was given to the proposed Modern Slavery and Human Trafficking Statement and it was noted that it would be regularly reviewed in line with the ongoing development of best practice.

It was moved by Councillor Strachan, seconded by Councillor Cox and

RESOLVED: That the Modern Slavery Statement as submitted by approved.

18 APPOINTMENT OF CHIEF EXECUTIVE

It was reported that a recruitment process for the role Chief Executive had been completed.

Members noted that Tony McGovern had been appointed as interim Chief Executive to ensure a smooth transition and it was recommended that an appointment be now made to the permanent role of Chief Executive (Head of Paid Service and Chief Officer), Electoral Registration Officer and Returning Officer.

Accordingly, it was proposed by Councillor Pullen, seconded by Councillor Norman and

RESOLVED: That Simon Fletcher be appointed to the role of Chief Executive (Head of Paid Service and Chief Officer), Electoral Registration Officer and Returning Officer.

19 APPOINTMENT OF DIRECTOR OF LICHFIELD HOUSING LTD

Members noted the resignation of Diane Tilley as a Director of Lichfield Housing Limited. It was then moved by Councillor Pullen, seconded by Councillor Powell and

RESOLVED: That Tony McGovern be appointed as a Director of Lichfield Housing Ltd from 1 June 2021.

20 REPORT OF THE CHAIR OF AUDIT AND MEMBER STANDARDS COMMITTEE

Councillor Greatorrex submitted the Annual Report of the Audit & Member Standards Committee 2020/21 and moved that the report be received.

The report was seconded by Councillor Ho and it was

RESOLVED: That the Annual Report of the Audit & Member Standards Committee be received

21 AMENDMENTS TO THE CONSTITUTION

Following the decision of Full Council to revise the committee structure the relevant sections of the Constitution had been updated to reflect the new arrangements.

The changes impacted on Parts 1, 2 and sections of Part 4 of the Constitution.

A new section had also been included at Part 5 setting out codes and protocols for Members appointed to outside bodies.

It was moved by Councillor Lax, seconded by Councillor Spruce and

RESOLVED: (1) That the updates to Parts 1, 2 and 4 of the Constitution be approved and the programme of planned updates to the remaining sections be noted.

(2) That the addition to Part 5 - Codes and Protocols for Outside Body Appointments be approved.

22 QUESTIONS

Q1. Question from Councillor Evans to the Leader of the Council

"Will the Leader, Councillor Pullen, please commit to the production of a report on broadcasting meetings in future at the Council, which will include the costs involved?"

He previously has said that this Council will be transparent and the virtual meetings have allowed this to happen during the Pandemic, via YouTube. This has been successful and has attracted more members of the public to view proceedings. It is therefore important this is allowed to continue, in order to comply with his statement."

Response from the Leader of the Council

"I'm grateful that Cllr Evans shares my enthusiasm for both online meetings and the broadcasting of in-person meetings. Cllr Evans will of course know that we are already broadcasting in-person meetings from the Chamber, and we will certainly be looking at finding an even better, longer term solution for broadcasting our meetings."

Councillor Evans asked the following supplementary question:

“I hope assurance can be given that we will be informed of the cost?”

The Leader of the Council responded:

“Yes, agreed”

Q2. Question from Councillor Robertson to the Cabinet Member for Visitor Economy and Local Plan

“Can the cabinet member confirm how much involvement this Council had with the now withdrawn proposal from Staffordshire County Council to redevelop part of Festival Gardens in Lichfield City Centre and add an additional lane to the A51 at the Bowling Green traffic island?”

Response from the Cabinet Member for Visitor Economy and Local Plan

“The proposal was a matter between Staffordshire County Council as the highway authority and Lichfield City Council as the landowner. Lichfield District Council did not have a role in the discussions between these two parties or in the consultation that took place.”

Councillor Robertson asked the following supplementary question:

“Can confirmation be given that the District Council did not have any part in signing off the proposal”

The Leader of the Council responded:

“I can endorse Councillor Eadie’s response that the District Council did not have any part to play”

Q3. Question from Councillor Norman to the Leader of the Council

“At the meeting of Council on the 13th of October last year it was Resolved that the Council would:

‘.. write to local MPs, asking them to support the Bill”, and “write to the organisers of the campaign for the Bill, Power for People”.

The organisation promoting the Bill, PowerforPeople, will attempt to persuade an MP drawn in the Private Members’ Ballot on 20th May to adopt the Bill. If Michael Fabricant MP is one of the lucky winners in that ballot, can the Leader agree to email him, by the following day, asking if he will adopt the Bill that this Council believes would benefit many residents and help to further our stated goal to reduce Greenhouse Gas emission?

Can he also he also tell the Council of the responses he would have received from both MPs who should have been written to following the Resolution agreed last October?”

Response from the Leader of the Council

"Both MPs have been in touch to say that they are not opposed - while recognising the very low likelihood that a bill of this nature will make it through Parliament. In addition, Michael Fabricant has set out his position, following our letter, here: <https://www.michael.fabricant.mp.co.uk/2020/11/28/local-electricity-bill-and-lichfield-district-council/>

As Michael is already aware of this, I am sure if he wishes to enter the Private Members Bill Ballot, and if he is successful, he will use his good judgment as to what legislation he wishes to propose."

Q4. Question from Councillor Norman to the Cabinet Member for Community Engagement and Climate Change

"At the meeting of Council held on the 15th of December last year the members supported the Slow Ways project and its goal to create a network of walking routes that connect all of Great Britain's towns and cities as well as thousands of villages including those in Lichfield District.

He will recall that the Motion that was agreed at that meeting by all members would help tackle the climate change emergency and including the following: "we will explore financial and other support such as encouraging the County Council to provide safe footway improvements."

Now that the Slows Ways Website has been launched and local volunteers have helped to identify a number of safe walking routes, including one that connects Burntwood to Lichfield, can he set out what action he will now take to honour that commitment?"

Response from the Cabinet Member for Community Engagement and Climate Change

"It's great the work that Slow Ways is doing in re-inventing the wheel for a new generation. They are working closely with Ordnance Survey to encourage people to walk again, abandoning cars, buses and more. As we know walking is not only good for fitness but also mental health and wellness and if it helps reduce people's carbon footprint as well then this is to be applauded.

As a council we will be supporting these schemes and have already released a number of stories encouraging people in the district to enjoy walking and seeing our beautiful district. This will continue and where appropriate we will be highlighting the walks on Slow Ways alongside our own popular Active Lichfield Walks.

As it is a very new initiative we will probably find there are many ways we might be able to support and help Slow Ways in the coming years."

Councillor Norman asked the following supplementary question:

When will action take place and methods of supporting Slow Ways be considered by Cabinet.

The Cabinet Member for Community Engagement and Climate Change responded:

As and when we see ways to help we will consider these but it is early days and as yet nothing has come forward. Some promotional work has already been undertaken.

Q5. Question from Councillor Norman to the Leader of the Council

"I appreciate that we are not yet able to meet again in the Council Chamber, or indeed virtually, but could he tell me what the financial cost of tonight's meeting, here in the Leisure Centre, is likely to be compared to a meeting held via Zoom and broadcast on YouTube?"

Could he also take a brief and exploratory report to Scrutiny of the likely cost of equipping the Council Chamber and, separately, the Committee Room so that these meetings could be seen more widely by our residents which has been the case under the Coronavirus restrictions until May 7th?"

Response from the Leader of the Council

"I'm grateful that Cllr Norman shares my enthusiasm for both online meetings and the broadcasting of in-person meetings. The cost of meeting here this evening in the Leisure Centre is around £1,200, whereas hosting this meeting online would not have incurred any additional costs. Cllr Norman will of course know that we are already broadcasting in-person meetings from the Chamber, and we will certainly be looking at finding an even better, longer term solution for broadcasting our meetings. Whether or not this comes to the Overview & Scrutiny Committee, is, of course, a matter for that Committee."

Councillor Norman asked the following supplementary question:

Can we look at cost of the system to see if it is something that is realistic or not and consider including the Committee Room since some meetings will be held there.

The Leader of the Council responded:

Yes.

23 DIANE TILLEY (CHIEF EXECUTIVE 2013 - 2021)

Councillors Pullen, Norman, Wilcox, Evans and White paid tribute to the work of the Chief Executive, Diane Tilley who would be leaving the Authority on 28 May 2021.

Members spoke of her conscientious, productive and thoughtful approach that had helped ensure the delivery of efficient and effective services during challenging times and contributed towards making Lichfield District a better place.

24 EXCLUSION OF PUBLIC & PRESS

RESOLVED: That as publicity would be prejudicial to the public interest by reason of the confidential nature of the business to be transacted, the public and press be excluded from the meeting for the following items of business, which would involve the likely disclosure of exempt information as defined in Paragraph 1 of Part 1 of Schedule 12A of the Local Government Act 1972

25 MINUTES OF THE APPOINTMENTS COMMITTEE

It was proposed by Councillor Pullen, seconded by Councillor Norman and

RESOLVED: That the Minutes of the Meeting of the Appointments Committee held on 29 April be received.

(The Meeting closed at 7.30 p.m.)

CHAIR

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REPORT OF THE LEADER OF THE COUNCIL

CABINET DECISIONS – 8 June 2021

1 Money Matters 2020/21: Review of the Financial Performance against the Financial Strategy April to March 2021

The Cabinet:

- 1.1 Noted the report and issues raised within and that Leadership Team with Cabinet Members will continue to closely monitor and manage the Medium Term Financial Strategy.
- 1.2 Noted the transfers to or from general and earmarked reserves at 31 March 2021.
- 1.3 Noted that, in terms of the financial impact of COVID-19, there was a significant impact in 2020/21 with a projected lower financial impact in 2021/22 and potentially beyond.
- 1.4 Approved £762,000 of Capital Programme slippage related to 2020/21 being added to the Approved Budget in 2021/22 as outlined at Appendix E of the report.
- 1.5 To approve the actual 2020/21 Prudential Indicators contained within the report. Noted the report and issues raised within and that Leadership Team with Cabinet Members will continue to closely monitor and manage the Medium Term Financial Strategy.

2 Burntwood Neighbourhood Plan Final Decision Statement

The Cabinet:

- 2.1 Noted the results of the referendum for the Burntwood Neighbourhood Plan.
- 2.2 Agreed to the making of the Burntwood Neighbourhood Plan and that this decision be reported to Full Council.

3 CIL Allocation of Strategic Fund – Revised Allocation Criteria

The Cabinet:

- 3.1 Approved the revised policy and procedure for determining the allocation of Community Infrastructure Levy (CIL) monies to meet strategic infrastructure requirements.
- 3.2 Agreed that the implementation of the approach be monitored and kept under review in order to ensure that it reflects up to date Local Plan policy with regard to infrastructure needs and also any future relevant legislative changes to CIL.
- 3.3 Agreed the following revisions to the CIL governance process:
 - That the CIL Annual Financial Monitoring report (April) and mid-year update (October) are agreed by the Cabinet member for Economic Development and Local Plan, Parks

& Leisure in consultation with the Head of Economic Growth and Development and reported as a briefing paper to the Council's Overview & Scrutiny committee.

- That the approval of transfer of CIL monies related to the Cannock Chase and River Mease Special Areas of Conservation (SACs) and Neighbourhood CIL is delegated to the Cabinet member for Economic Development and Local Plan, Parks & Leisure in consultation with the Head of Economic Growth and Development.
 - That the current Joint Member and Officer Group (JMOG) is disbanded and consideration of the future preparation and revision of CIL policies, procedures and proposals including approval of spending discretionary CIL allocations for strategic infrastructure projects is made the responsibility of the Strategic Infrastructure Group (SIG) in conjunction with the Cabinet member for Economic Development and Local Plan, Parks & Leisure.
 - That the operation of the SIG is scrutinised by the new Overview & Scrutiny committee and/or any such Task Group established for this purpose.
- 3.4 The Cabinet recommended to Council that the revised policy, procedure and governance arrangements be approved and adopted.

(Councillor Cox declared an interest in this item as a Member of Staffordshire County Council)

4 Extension of the Vehicle Contract for Operational Services

The Cabinet approved:

- 4.1 An extension to the existing fleet contract with SFS Ltd for a period of one year from 1st April 2022.
- 4.1
- 4.2 The expenditure on ancillary equipment and its funding from existing budgets.
- 4.3 The undertaking of a review of procurement options for the replacement of the vehicle fleet in April 2023.

CABINET DECISIONS – 6 July 2021

5 Medium Term Financial Strategy (Revenue and Capital)

The Cabinet:

- 5.1 Approved the allocations from the risk and recovery budget shown at paragraph 3.8 of the Cabinet report totalling £571,000.
- 5.2 Delegated authority to the Leader and relevant Heads of Service to implement proposals based on the allocated budget.
- 5.3 Approved the approach to setting targets, identified at paragraph 3.40 of the Cabinet report and a theme based approach to delivering sustainable MTFs savings,

identified at paragraphs 3.45 to 3.49 is implemented with a savings target of £500,000 for 2022/23.

- 5.4 Accepted the further grant of £92,501 from the Welcome Back Fund, approved an update to the Medium Term Financial Strategy on the basis that spend proposals are cost neutral or can be accommodated within existing budgets and delegated to the Head of Economic Growth and Development Services authority to complete all related agreements.
- 4.5 Delegated to the Cabinet Member for Finance, Procurement and Revenues & Benefits responsibility to agree the form and timetable for the Budget Consultation covering 2022/23.

6 Leyfields and Netherstowe Lessons Learned Report, Action Plan and Disposal Policy

The Cabinet:

- 6.1 Accepted the recommendations arising from the external investigation.
- 6.2 Approved the proposed Action Plan to resolve those recommendations as set out in Appendix 1 of the Cabinet report and referred this to Audit and Member Standards Committee to monitor the implementation of these measures.
- 6.3 Approved the Disposal Policy at Appendix 2 of the Cabinet report.

7 The Future of the Dry Recycling Service

- 7.1 The following recommendations were approved by Cabinet (final approval being subject to parallel agreement by the Council's JWC partners Tamworth Borough Council):

(1) Subject to Staffordshire County Council's agreement to fund an equitable share of the additional costs, the Joint Waste Service move to a dual-stream collection methodology (Option 5); subject to recommendation 2. The key principles the Council would seek in an equitable cost share between itself and the County Council would be as follows:

- There should be no capping of the level of support, the sharing should be on an open book reconciliation of actual costs,
- The cost sharing to including all additional costs of a dual-stream service, including costs of transition and implementation,
- That there should be no modification of the current mechanism of uplifting recycling credit in line with RPI.

If unable to agree this equitable split the Council would hand back comingled disposal as detailed in the final bullet point of recommendation 1.

The dual-stream collections be based on a default of a bin for glass cans and plastics and a bag for paper and card (a second bin may be provided where this proves more suitable to residents and collection rounds).

- Delegation of the authority to enter into contracts for the disposal of dual-stream waste to the Cabinet Member for Climate Change and Recycling and the Head of Operational Services and subject to recommendation 2.
- If Staffordshire County Council do not agree to fund an equitable share of the additional costs of dual-stream collection; the existing commingled collection methodology (option 2) to be retained and the transfer of responsibility for the disposal of Dry Mixed Recycling be returned to Staffordshire County Council from 1st April 2022 (subject to recommendation 2).

(2) The Cabinet recommended that Council update the Medium Term Financial Strategy based on the additional financial implications of the selected option:

- Option 5: to increase the revenue budget by a maximum of £146,909 (Full Cost £251,988 and Tamworth BC cost £105,079) per annum from 2022/2023. This budget pressure may reduce as a result of cost sharing negotiations with Staffordshire County Council. In addition, to include a new project in the Capital Programme in 2021/22 for £229,183 (Lichfield DC £133,614 and Tamworth BC £95,569) funded by contributions from Staffordshire CC, Tamworth BC and Lichfield DC (reserves) or;
- Option 2: to increase the revenue budget by £50,491 (Full Cost £86,605 and Tamworth BC cost £36,114) per annum from 2022/23.

(Councillor Cox declared a Pecuniary Interest in this item as a Member of Staffordshire County Council and was not present during the discussion).

(Councillor E Little declared a personal interest in this item as an employee of a company in the waste and recycling sector).

CABINET DECISIONS – 7 September 2021

8 Money Matters 2021/22 : Review of Financial Performance Against the Financial Strategy

The Cabinet:

- 8.1 Noted the report and issues raised within and agreed that Leadership Team with Cabinet Members will continue to closely monitor and manage the Medium Term Financial Strategy.
- 8.2 Recommended that Council update the Medium Term Financial Strategy to repurpose the earmarked reserves identified in the Cabinet report at paragraphs 3.10 and 3.11 of £775,923 to new earmarked reserves identified at paragraph 3.12.

9 New Lichfield Leisure Centre Facility Mix

The Cabinet:

- 9.1 Approved the proposed outline configuration of the new Lichfield Leisure Centre.
- 9.2 Approved further development of the project, including site feasibility exploration, undertaking broad community engagement and consultation, obtaining planning permission and developing further external funding applications where opportunity permits.
- 9.3 Delegated authority to make further amendments to the configuration and layout of the centre design to the Cabinet Member for Major Projects and the Head of Operational Services if these are essential to ensure deliverability.

10 Introduction of Dual Stream Recycling in 2022 and Associated Financial Matters

The Cabinet:

- 10.1 Determined that the level of financial support from Staffordshire County Council as set out in Section 4 of the Cabinet report, to support the introduction of dual stream recycling, is acceptable.
- 10.2 Approved the Joint Waste Service implement Dual Stream Recycling in Lichfield from April 2022.
- 10.3 Delegated responsibility to the Head of Operational Services in consultation with the Cabinet Member for Climate Change and Recycling, and Tamworth Borough Council, for the implementation of dual stream recycling across both authorities in by April 2022.
- 10.4 Recommended that Council update the Medium Term Financial Strategy based on the additional financial implications of the selected option:
 - Dual Stream Recycling:
 - To increase the revenue budget by an annual net cost of £73,000 (Full Cost £252,000 offset by SCC of £126,000 and Tamworth BC of £53,000) in 2022/23 increasing to £82,000 (Full Cost £267,000 offset by SCC of £126,000 and Tamworth BC of £59,000) in 2025/26 as detailed in the financial implications section of the Cabinet report.
 - To increase the revenue budget for a one off cost for transition of £68,000. The full cost offset by SCC of £34,000 (capped at £94,000) and Tamworth BC of £34,000 in 2022/23.
 - To include a project in the Capital Programme for Bins/Bags acquisition in 2021/22 of £229,000. This project will be funded by a contribution of £95,000 from Tamworth BC and the Council's share of £134,000 from the waste property growth earmarked reserve.
 - Comingled Recycling:
 - To increase the revenue budget by an annual net cost of £51,000 from 2022/23 onwards as detailed in the financial implications section.

(Councillor R Cox declared a Pecuniary Interest in this item as a Member of Staffordshire County Council and was not present for the discussion).

(Councillor E Little declared a personal interest in this item as an employee of a company in the waste and recycling sector).

11 Extension to the Contract for the Treatment of Garden Waste

The Cabinet:

- 11.1 Approved an extension to the existing contract for the treatment of garden waste with Greener Composting Ltd for a period of three years from 13th October 2021.

12 Procurement Matters Update

The Cabinet:

- 12.1 Approved the updated Action Plan at Appendix A of the Cabinet report and noted the contents of the report.

13 Review of the Development Management Service Structure

The Cabinet:

- 13.1 Approved the proposed Development Management Service revised structure and agreed to the principle of the addition of market supplements for the senior/team leaders' posts.
- 13.2 Recommended to Council an increase in the Revenue Base Budget (totalling £1.13m for the period 2021/22 to 2025/26) detailed in the financial implications section.

CABINET MEMBER DECISIONS

14 Purchase of Property, Lichfield

The Cabinet Member for Regulatory, Housing and Health approved the purchase of 60 Bloomfield Crescent, Lichfield.

15 Disposal of Public Open Space, Lichfield

The Cabinet Member for Innovation, Commercialisation and Corporate Services approved the disposal of land at St John Street, adjacent former Library, Lichfield, in accordance with the report approved by Cabinet at their meeting of 10th November 2020.

The Cabinet Member for Innovation, Commercialisation and Corporate Services further approved that delegated authority be granted to officers, to instruct Solicitors to issue legal documentation to Staffordshire County Council and take all other action necessary to complete the disposal.

16 CIL Allocation of Strategic Fund–Revised Allocation Criteria

The Cabinet member for Economic Development, Leisure & Local Plan approved the revised policy and procedure for determining the allocation of Community Infrastructure Levy (CIL) monies to meet strategic infrastructure requirements.

The Cabinet member for Economic Development, Leisure & Local Plan approved that the implementation of the approach be monitored and kept under review in order to ensure that it reflects up to date Local Plan policy with regard to infrastructure needs and also any future relevant legislative changes to CIL.

17 Lichfield District Start Up Grant Scheme

The Cabinet Member for Economic Development, Leisure and Local Plan approved the allocation of funding (£3000) to The Garden Groom Room, an applicant from the Lichfield District Start Up Grant Scheme.

The Cabinet Member for Economic Development, Leisure and Local Plan additionally agreed that the scheme be amended to remove the need for additional job creation to be part of the eligibility criteria.

18 Masterplan Legal Services Contract Award

The Cabinet Member for Major Projects approved that a contract for the term of 2 years plus an option to extend for an additional 12 months be awarded to DWF Law LLP for the delivery of legal services in relation to the Lichfield Masterplan.

The Cabinet Member for Major Projects also agreed to review and determine the option to utilise the 12 month extension based on performance and recommendation from the Head of Economic Growth & Development.

19 Burntwood Neighbourhood Plan

The Cabinet Member for Economic Development, Leisure & Local Plan agreed to the making of the Burntwood Neighbourhood Plan.

20 Funding the Community and Voluntary Sector

The Cabinet Member for Community Engagement approved that funding be awarded on a one plus one plus one year basis (subject to performance and funding availability) as below:

- MHA Communities - £120,000 for Enabling people in later life and shaping our community
- CASES – £64,980 for Equipping volunteers and organisations to increase advice and service provision
- Support Staffordshire – £82,000 for a Thriving Voluntary Sector across Lichfield District
- Transforming Communities -£24,800 for Places of Welcome (2 year funding applied for)
- Royal National institute for Deaf - £32,200 for Lichfield Hearing Health, Support, Information and Connectivity in the Community
- CRUSE - £20,100 for Cruse Bereavement Care
- Pathway - £17,600 for an Economic Abuse specialist, with an additional £12400 from new Burdens DA funding
- Phoenix Counselling Service - £18,120 for counselling service
- Spark - £34,875 for Grow and Thrive
- Friends 2 Friends - £19,700 for Friends combat susceptibility
- Lichfield Arts -£17,800 for Fuse, ongoing outreach and community engagement
- Liberty Jamboree - -£34,875 for Liberty on Board
- Staffordshire Care Farming - £1950 – to increase participation from Lichfield District in the Wellies Project

21 Supporting Community Events - Variation to the Street Trading Policy – Burntwood Local Market

The Cabinet Member for Regulatory, Housing and Health approved that an exception be made to the Council's Street Trading Policy to take account of the insurance that the event organiser already has in place and his undertaking that all traders have Public Liability Insurance for these pilot events only.

22 Lichfield Housing Limited – Appointment of Director

The Cabinet Member for Innovation & Corporate Services appointed Simon Fletcher as Director of Lichfield Housing Limited.

23 Suspension of Disabled Bays in Lichfield City Centre

The Cabinet Member for Major Projects approved the extension of the suspension of on street disabled bay parking in place on Market Street, Tamworth Street, Conduit Street and Bore Street in Lichfield City Centre until 30 September 2022.

24 Contract for Income Management Card Handling Service

The Cabinet Member for Innovation & Corporate Services approved that a contract be entered into with GlobalPay for the delivery of the card handling services for a period of 3 years with an option to extend for 1 year.

25 Contract for Income Management Service

The Cabinet Member for Innovation & Corporate Services approved that a contract be entered into with Staffordshire County Council for the delivery of the services by Capita for a period of 5 years.

**Doug Pullen
Leader of the Council**

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OVERVIEW & SCRUTINY COMMITTEE

15 JULY 2021

PRESENT:

Councillors Leytham (Chair), Norman (Vice-Chair), Eagland, Evans, Grange, A Little, Parton-Hughes, Powell, Robertson, Silvester-Hall, Mrs Tranter, Warburton and M Wilcox

1 APOLOGIES FOR ABSENCE

Apologies were received from Councillor Binney.

2 DECLARATIONS OF INTERESTS

There were no declarations of interests.

3 TERMS OF REFERENCE

The Committee was reminded of their terms of reference as written in the Council's Constitution. It was noted that there was the Councillor Call for Action mechanism if any Member required the Committee to consider local matters in their wards and it was agreed to issue guidance on that and Executive decision Call-Ins to Members.

RESOLVED: That the Terms of Reference be noted.

4 WORK PROGRAMME

The Committee received their work programme and Members were asked what areas they felt required focus.

It was requested that information as to what actions and progress had been made by the Council since declaring a Climate Emergency be reported as it was felt that. It was noted that a briefing paper would be forthcoming but it was hoped for this to be as soon as possible. It was noted that there was funding available however it was noted that the lead officer had left the authority and it was envisioned that once the new lead had got up to speed with matters, work would move forward. It was reported that LocalGov had a toolkit regarding Climate Change and it was suggested that it be looked into further. Similarly, it was reported that the LGA had a number of workbooks that could be worked through.

Clarity was given as to how the reporting from and to the Health & Wellbeing Overview & Scrutiny Committee at Staffordshire County Council would happen. Members were reminded that Cllr Leytham was our representative on that Committee and would feedback any concerns from the LDC Committee and vice versa.

It was noted by the Committee that there would be a new model Code of Conduct however it reported that under the Constitution, the Audit & Member Standards Committee was the agreed the body to formally consider the code before Full Council approval.

Clarity was sought regarding the terms of reference of the Lichfield City Masterplan Task Group and it was noted that the group would be considering the many strategies that would make up the larger Masterplan and those views fed into the project board before Cabinet consideration as well as reported to the O&S Committee.

Overview of the Local Plan was discussed and it was requested that information be sought regarding the coloration between where there was need and where sites were being allocated for such requirements of employment as well as housing, especially affordable housing. It was noted that there was an established task group that considered Local Plan matters and this could be raised there.

Disabled Facilities Grants was considered and it noted that a new Housing Assistance Policy had been approved however there was still concern on performance of the service provider and the Committee wished to monitor this matter closely. It was agreed to initially receive a briefing paper on performance of the new policy and if there were still concerns, to establish a Member Task Group to investigate further.

It was noted by the Committee that there had been a review of the Planning Service however this was with the scope of operational matters for example staffing and therefore for the Head of Service and Head of Paid Service to consider and deal with. It was requested that if there were any other issues that could benefit from O&S input, this should be allowed. There was some concern that the report, and information contained within, had not been available to Members. It was also suggested that the Committee look at the outputs of the Service and any impact on residents and it was noted that as a continuation from the previous Committee structure, it would be expected that this Committee still receive the Development Management Performance briefing papers. It was noted that any staffing matters could be dealt with by the Employment Committee.

The other items as contained in the work programme were noted or agreed to receive further information before planning further.

RESOLVED: That the work programme be agreed and amended as appropriate.

5 HEALTH MATTERS

The Committee received an update from the Staffordshire County Council's (SCC) Health and Wellbeing Overview & Scrutiny Committee. It was noted that Councillor Leytham was continuing as the Lichfield District representative on the Committee and as such received questions as to what had been discussed at the SCC meetings. It was asked if there was information from each area regarding access to GP provision and it was reported that they received a presentation from the CCG but no real data or outcomes were noted except that it was difficult to provide a GP service due to Covid-19.

It was requested that Cllr Leytham raises the problems experienced by residents regarding public transport to Derby hospital especially to attend appointments. It was reported that this was especially difficult for early outpatient appointments as there bus needed to arrive in Derby left at 7am and no circulars to the Lichfield main bus station were in operation. It was felt that current bus timetables were not taking this need into consideration. It was noted that the local MPs could be lobbied if required to raise this issue and the Committee could do this collectively. It was also agreed for Cllr Leytham to raise this at the SCC Committee.

RESOLVED: That the information received be noted and concerns or issues as raised be passed to the County Council.

6 SCHEME OF DELEGATION REVIEW

The Committee received a draft revised Scheme of Delegation to give views before formal approval at Full Council. It was asked whether local Councillors were informed of all licence applications under the Licensing Act 2011 when received and it was reported that Officers would get back to the Committee with this answer. It was also asked who the lead Officer was

responsibility for property sales and it was reported that it was the Head of Corporate Services unless specific to the service but the Council was currently transitioning to a Corporate Landlord approach.

It was noted that the document was a source of reference for Officers as to where the authority to make decisions lay whether at Full Council, Executive or Quasi Judicial Committee level as well as operational matters at Head of Paid Service or Head of Service level.

It was requested that definitions be highlighted if required for example what significant objections actually means when dealing with Planning applications. It was noted that guidance around Planning decision making was being updated.

RESOLVED: That the views be incorporated into the final draft Scheme of Delegation before recommended for approval by Full Council.

7 MEMBER TASK GROUP UPDATES

The Committee received updates from current Member Task groups and it was agreed that the note from task groups would be included in this Committee in future.

RESOLVED: That the updates be noted.

(The Meeting closed at 7.25 pm)

CHAIR

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OVERVIEW & SCRUTINY COMMITTEE

16 SEPTEMBER 2021

PRESENT:

Councillors Leytham (Chair), Norman (Vice-Chair), Eagland, Evans, Grange, A Little, Powell, Robertson, Silvester-Hall, Mrs Tranter, Warburton and M Wilcox

(In accordance with Council Procedure Rule No.17 Councillors Cox, Lax, Strachan and A.Yeates attended the meeting).

8 APOLOGIES FOR ABSENCE

Apologies were received from Councillor Parton-Hughes.

9 DECLARATIONS OF INTERESTS

There were no declarations of interests.

10 MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting were received.

RESOLVED: That the minutes of the previous meeting be approved.

11 WORK PROGRAMME

The Committee considered their work programme. Along with points raised on health matters and the Car Parking Strategy, the Councillor Community Fund was discussed and it was noted that some Members had received applications. It was felt that Councillors could aid the advertisement of the fund through their local Parish Councils or social media and it was agreed to send Members wording to use when doing this. Councillors Grange, Tranter, M. Wilcox, Warburton and Eagland volunteered to be on a Member Task Group, if required, to evaluate the pilot of the scheme when data was available. The Cabinet Member reported that a press release would be communicated shortly to remind residents of the funding scheme and would bring back a report on the performance of the scheme before finalising the need for the task group to meet.

Dry Recycling was discussed and the Chair of the Committee invited the Cabinet Member to speak on this item. He reported that the decision had been made to move to a dual scheme to begin in April. It was felt that communications on the scheme had not been sufficient and it was questioned what use a task group could be at this late stage. It was reported that the group could work through the communications plan going forward into the implementation of the new recycling scheme as well as evaluating its success. Councillors Norman, Robertson, Warburton, A. Little and Powell volunteered to be part of this task group. When asked for a briefing paper on the new dual recycling scheme, the Cabinet Member reiterated that it would be starting in April. There were some questions around the use of a bag and bin and it was asked if the choice of material into each receptacle and it was reported that there had been various conversations with other authorities who are running similar schemes and their advice had been taken into account. Volume of materials was also discussed and it was noted that more bags could be requested if required.

Climate Change was discussed and there was some disappointment that information on what had been undertaken so far had not been forthcoming. The Cabinet Member was again invited to speak on this item and was asked why a briefing paper had not been produced following the previous meeting and it was reported that it was due to the lead officer being on leave. It was felt that as the Council had declared a Climate Change Emergency, it was getting time critical to have an action plan in place and meet the targets set by the Council. It was reported that the previous Chief Executive had taken the lead however due to the pressures faced during the pandemic, much had stopped. However there had been some improvements made including to Burntwood Leisure Centre. It was then reported that a new lead officer was appointed, following the departure of the chief executive, and a company called APSE to help gather baseline figures and work on an action plan. It was also reported that an Officer would be appointment on a two year contract to lead on the matter as well as comprehensive training for other officers. The figures of emissions needed to be reduced was reported and noted by the Committee. It was envisioned that the action plan would be considered by the Committee when ready. It was noted that the LGA could help access best practice from other authorities that may prevent the need to employ external companies however it was reported that it was difficult to have a one size fits all solution as all councils were different.

It was questioned why there was not already an action plan even if in draft form and a briefing paper again requested with the information given at the meeting especially the base data which could be considered by a Member Task Group if created. It was agreed that Member involvement was critical.

RESOLVED: That the work programme be noted and amended where required.

12 HEALTH MATTERS

Whilst discussing the work programme, the Chair reported that there had been a High Court Judgement that the Environment Agency would be held liable for the pollution coming from Walleys Landfill Quarry in Newcastle under Lyme.

It was then reported that Staffordshire County Council's Health and Wellbeing Overview & Scrutiny Committee would be considering access to GP practices.

RESOLVED: That the information received be noted.

13 MEDIUM TERM FINANCIAL STRATEGY (MTFS)

The Committee received a report on the Medium Term Financial Strategy (MTFS) for 2020-2025 which took into account the all reports that had been approved at Cabinet and Council but refreshed to remove the previous financial year 2020/21 and add the new financial year of 2025/26 as well as refresh and update assumptions to reflect the latest information available. It was reported that news had been received that a multi-year settlement from central government would be forthcoming as part of the spending review although the contents of that settlement were unknown until the settlement in December 2021. The multi year settlement would potentially provide some certainty for budget setting and financial planning. It was reported that due to this, the principles and assumptions as stated in the report would be reviewed as part of the MTFS and therefore would be reviewed by the Committee again in November.

The Head of Finance & Procurement then gave an update on the current situation regarding financial matters and reported that the Spending Review 2021 as mentioned, did confirm a three year settlement but there was a short timescale for government departments to submit their responses to the review. It was also reported that some analysis undertaken from external experts predicted that there will not be any significant increase in spending power in unprotected departments including Local Government. It was noted that another key

announcement was regarding Social Care funding and although Lichfield District Council did not provide this service, it would have an impact for example the increase in National Insurance contribution as an employer and it was estimated the cost of this would be around £100k per annum although it had been reported that the government will offset this for the Council as a public authority. It was noted that this offset would not apply to partners who provide services on behalf of the Council so there would be an impact to the Council that way. It was reported that the social care funding announced was not intended to offset “increases in demand and unit costs” and therefore these will have to be funded from “increases in Council Tax, Adult Social Care precept and long term efficiencies”.

The future of local government funding would be impacted by a number of pressures and reforms including Covid Recovery, Planning reform, Devolution as well as potentially the requirement for Councils to submit long term spending plans to government (a 25 year model is already included in the MTFs) and it was felt that this could add some value in terms of longer term financial sustainability. It was reported that the government had announced that the opportunity to remain in the Business Rate Pool for 2022/23 had been offered and this would be considered. It was reported that the three year settlement could involve a roll over settlement for the first year which could mean keeping more Business rates growth followed by phased changes however Ministers were recasting what would be happening over the next three years making forecasting very difficult.

It was requested that views be given on a proposed savings strategy with key outcomes of sustainable, balanced budget over the medium term using general reserves to achieve outcomes. Targets set would have to be flexible and adaptable to change and General Reserves could not fall below a certain level.

It was reported that following a rollover one year settlement for 2021/22 that enabled the retention of business rate growth and additional grant funding, a Risk and Recovery reserve was created. Half of the budget had been allocated and there was a desire to continue the strategy of supporting initiatives that made the district a good place to live and visit as well as spend to save projects and the Committee was requested to ratify this continuation.

The unrestricted earmarked reserves were discussed what happened if these were no longer required. It was reported that there are two types of earmarked reserve - restricted reserves that were created for items required by partnership and legal agreements and unrestricted reserves that were policy based and could therefore be released for other priorities if required.

The funding gap was confirmed and it was reported that it was based on a number of prudent pressures including the pay award, Government Funding and items subject to Council approval.

It was noted that Capital Receipts would be lower than projected due to the non sale of Netherstowe & Leyfields . It was reported that the Capital Receipt was envisioned to be used for the pay off the capital investment for Burntwood Leisure Centre funded by borrowing and the funding to enable this invest to save initiative would have to be found elsewhere.

The budget consultation was discussed and it was felt exploring more ways of engaging and identifying best practice elsewhere could help increase engagement. It was reported that this was already being undertaken including the use of third party platform.

Council Tax setting was discussed by the Committee and it was felt that the rise in National Insurance would also have a big impact on residents, as well as Universal Credit reduction and very high inflation rises, and it would be wrong to just carry on with a maximum rise year on year. It was reported that the Cabinet was in agreement that any rise should be balanced and are aiming for a compromise between allowing the continuation of service delivery without being too high a pressure on residents. It was also reported that the Council Tax Support Scheme would be reviewed to ensure help is available for those who require it. There were also views however that additional cost pressures should also be taken into account and not

forgotten. It was also expressed that it was predicted that any inflation rise would be for the short term. It was also considered that if Council Tax were to rise, then spending should too to ensure residents can see something for it.

The visitor economy was discussed and it was agreed that it had been good to see events return however it was requested that there were also attractions outside the city centre and these should be advertised equally.

The investment in the Planning Service was discussed and it was hoped that it would pay dividends for the authority.

RESOLVED: (1) That the allocations from the risk and recovery budget totalling £571,000 be noted;

(2) That the views expressed in relation to the approach to setting targets be considered by Cabinet and a theme based approach to delivering sustainable MTFS savings is implemented with a savings target of £500,000 for 2022/23;

(3) That the views expressed in relation to the potential level of the District's Council Tax increase for 2022/23 be considered by Cabinet; and

(4) That the approach to Budget Consultation 2022/23 be noted.

14 MEMBER TASK GROUP UPDATES

The Committee received notes from Member Task Group meetings held since the last full Overview & Scrutiny Committee. For this round, it included notes from the Lichfield City Masterplan Member Task Group where they considered the Car Parking Strategy. During discussions for the work programme, it was felt that more was needed to understand the actual strategy rather than a list of ideas. It was also felt that privately run car parks should be included in the overall strategy especially in light of issues experienced with the transfer of carparks in the city centre. It was agreed that it would be of remiss to not consider the strategy from a residents point of view. It was asked if future capacity could be considered and it was hoped that the consultants commissioned to work on the strategy had taken this into account. It was agreed to give these points to the Chairman of the Task Group.

RESOLVED: That the notes from Member Task Group meetings be received and noted.

(The Meeting closed at 7.46 pm)

CHAIR

PLANNING COMMITTEE

5 JULY 2021

PRESENT:

Councillors Marshall (Chair), Baker (Vice-Chair), Anketell, Barnett, Birch, Checkland, Cross, Evans, Ho, Humphreys, Ray, Salter and Tapper

1 APOLOGIES FOR ABSENCE

There were apologies from Cllr S Wilcox

2 DECLARATIONS OF INTEREST

There were no declarations of interest

3 MINUTES OF PREVIOUS MEETING

The Minutes of the meeting held on Monday 10 May 2021 previously circulated were taken as read, approved as a correct record and signed by the Chair

4 PLANNING APPLICATIONS

Applications for permission for development were considered with the recommendations of the Head of Economic Growth and Development and any letters of representation and petitions of observations/representations in association with Planning Application 20/01277/FUL.

20/01277/FUL – Bonehill House Park Lane, Bonehill, Tamworth

Application for the demolition of existing outbuildings and erection of 4 No. dwellings, with associated works.

FOR: Croft Consulting Ltd.

RESOLVED: That this planning application be approved subject to the conditions outlined in the report of the Head of Economic Growth and Development.

(Prior to consideration of the application, representations were made by Mr David Biggs, Tamworth and District Civic Society (Objector) and Mr Ray Evans, Croft Consulting Ltd, (Planning Agent).

5 ISSUES PAPER – PLANNING APPLICATION REF. 21/01120/REMM RESERVED MATTERS (ACCESS, APPEARANCE, LANDSCAPING, LAYOUT AND SCALE, PURSUANT TO 19/00753/OUTMEI) FOR THE CONSTRUCTION OF AN ALL THROUGH SCHOOL WITH MUGA, SPORTS PITCHES, SPORTS HALL, CAR PARKING AND ASSOCIATED FACILITIES AND INFRASTRUCTURE. RUGELEY POWER STATION, ARMITAGE ROAD, ARMITAGE, RUGELEY

The Chair reminded the Committee that this item was for information purposes and that further details and clarification would be provided by Planning Officers in the full report when the application would come before then for determination.

Issues/comments raised by Members of the committee included:

- The need to ensure sufficient car parking for staff and students and appropriate drop off and pick up provision.
- Drainage issues throughout the site require consideration. Suitable drainage facilities need to be ensured across the site.
- Clarification was sought on where the secondary school funding would be secured from; what would be the comparable percentage of delivery costs between the DfE and the applicant?
- Concerns about the appearance and status of the substation was sought; questioned whether this would be removed and or any landscaping would be introduced in respect of this.
- Concerns about the proposed design of the proposed school.
- Is there to be provision of on-site electric car charging points within the parking areas?
- Why has no swimming pool provision been proposed within the school?
- Good integration and connectivity in terms of pedestrian and cycle links will be important.

6 EXCLUSION OF PUBLIC AND PRESS

RESOLVED: "That as publicity would be prejudicial to the public interest by reason of the confidential nature of the business to be transacted, the public and press be excluded from the meeting for the following items of business, which would involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972"

IN PRIVATE

7 ENFORCEMENT MATTERS - UPDATE REPORT

The Confidential Enforcement Update Report was disseminated for information purposes.

(The Meeting closed at 7.32 pm)

CHAIR

PLANNING COMMITTEE

6 SEPTEMBER 2021

PRESENT:

Councillors Marshall (Chair), Baker (Vice-Chair), Anketell, Barnett, Birch, Checkland, Cross, Evans, Salter, Tapper and S Wilcox

8 APOLOGIES FOR ABSENCE

There were apologies from Councillors Ray, Ho and Humphreys

9 DECLARATIONS OF INTEREST

Councillor Salter declared a non-pecuniary interest in Agenda Item 4 (Application no – 20/00843/COU) as he is the Chair of Shenstone Parish Council who have raised significant objections.

Councillor Evans declared a non-pecuniary interest in Agenda Item 4 (Application no - 21/00567/FUL) as the adjacent residents are known to her.

10 MINUTES OF PREVIOUS MEETING

The Minutes of the meeting held on Monday 5 July 2021 previously circulated were taken as read, approved as a correct record and signed by the Chair.

11 PLANNING APPLICATIONS

Applications for permission for development were considered with the recommendations of the Head of Economic Growth and Development and any letters of representation and petitions of observations/representations in association with Planning Application 20/00843/COU.

20/00843/COU - Coogee Nursery 17 Burnett Road Streetly

Change of use from existing dwelling (c3) to children's nursery (d1) in order to increase the size and occupancy of an existing children's nursery, including alterations and extension to existing building and associated works.

FOR: Little Ripley Day Nurseries LTD

RESOLVED: That this planning application be approved subject to proposed additional conditions. Wording of additional conditions reads as follows:

Condition 17 - The nursery shall only be open for custom between the hours of 7.00 a.m. to 6.00 p.m. Mondays to Fridays inclusive and shall not operate at weekends or on Bank or Public Holidays.

Condition 18 - The nursery's outdoor play area is not to be used until after 8.30am. Permitted hours to use the outdoor play area will be from 8.30 until 18:00 Monday to Friday only and not on Sundays or Bank and Public Holidays.

(Prior to consideration of the application, representations were made by Mr William Daly (Objector) and Mr Paul Harris, Cerda Planning, (Planning Agent). Written representations

were also received from Councillor Powell (Ward Member) and read aloud to the committee)

21/00605/FUL - 164 Cannock Road, Chase Terrace Burntwood WS71JZ
Erection of 1no detached two bedroom bungalow with associated parking and amenity plus creation of 2no parking spaces for existing dwelling.
FOR: Mr & Mrs O Carter

RESOLVED: That this planning application be approved subject to the conditions outlined in the report of the Head of Economic Growth and Development, with an additional condition that power be delegated to officers ensure appropriate hedgehog mitigation routes.

(Prior to consideration of the application, representations were made by Mr Otto de Weijer, Dutch Architecture (Planning Agent). Written representations were also received from Mrs Sarah Howson (Objector) and read aloud to the committee)

21/00567/FUL- Land rear of 79, Ironstone Road, Burntwood, Staffordshire
Erection of 1no detached two bedroom bungalow
FOR: Mr J Fisher

RESOLVED: That this planning application be approved subject to the conditions outlined in the report of the Head of Economic Growth and Development, with an additional condition that power be delegated to officers ensure appropriate hedgehog mitigation routes.

21/00456/OUT- Unit 1, Mount Road, Burntwood, Staffordshire
Outline application with all matters reserved for the erection of up to seven 2-bedroom dwellings, with parking and associated works including the demolition of the existing industrial unit.
FOR: Mr Steven Buckley

Refusal of the application was proposed by Councillor Birch and seconded by Councillor Tapper under the following reasons:

- Proposals are contrary to Core Policy 7 of the Local Plan Strategy. Do not believe the proposals comply with sustainable development in the Burntwood area due to the loss of employment land.

The result was a tied vote (5 for, 5 against) and the Chair subsequently voted against refusal, in favour of the officers original recommendations.

RESOLVED: That this planning application be approved subject to the conditions outlined in the report of the Head of Economic Growth and Development.

(The Meeting closed at 8.23 pm)

CHAIR

AUDIT AND MEMBER STANDARDS COMMITTEE

22 JULY 2021

PRESENT:

Councillors Spruce (Chair), Ho (Vice-Chair), Norman, Robertson, White and M Wilcox

58 APOLOGIES FOR ABSENCE

Apologise of absence were received from Cllr Silvester-Hall and Cllr Grange

59 DECLARATIONS OF INTEREST

There were no declarations of interest

60 MINUTES OF THE PREVIOUS MEETING

The minutes of the Meeting held on the 27 April 2021, were taken as read and approved as a correct record.

61 ANNUAL TREASURY MANAGEMENT REPORT

Anthony Thomas (Head of Finance and Procurement) outlined that the Annual Treasury Management Report is one of three reports presented to the committee on an annual basis. This report includes capital expenditure, funding, borrowing, investments and prudential indicators;

There are three cyclical treasury management reports:-

- (1) Treasury Management Strategy – what we plan to do.
- (2) Mid-Year Treasury Management Report – how we are doing.
- (3) Annual Treasury Management Report – what we did.

Anthony Thomas outlined some of the key points of the report to the committee:

- Forecasting cash flow has been challenging due to the ongoing pandemic and the number of grants being issued on a reactive basis to offset the impact of the pandemic on the community.
- Predicted capital spend reduced significantly during the year, this is due to Council approving the deletion of the Property Investment Strategy, this also impacted capital funding as borrowing has reduced.
- Capital finance requirement is higher than estimated. An element of the Burntwood Leisure Centre early repayment option is still being identified given the removal of the planned capital receipt for Leyfield & Netherstowe.
- The earmarked reserves were higher than projected due to the number of government grants received, spend was delayed during the pandemic which meant more money was available in investments.

Anthony Thomas outlined the impact of the pandemic on investment return has been minimal which has provided reassurance following the financial shock the pandemic has had on the economy as a whole.

Anthony Thomas updated the committee on the two CIPFA issued consultations related to the Prudential Code and the Treasury Management Code during 2020/21. Councillor Greatorex, who was Chair of Audit & Member Standards at the time of the consultation, was engaged in the consultation responses. The Prudential Indicators were all compliant.

The Committee requested additional information on the information obtained to establish the figures outlined in 1.3 of the report. Anthony Thomas confirmed that a pipeline of sales is requested on an annual basis in December. He acknowledged that Right to Buy Sales fluctuate based on demand and therefore these figures are based on the most recent information provided by Bromford.

The Committee requested additional information on the unallocated s106 Affordable Housing Monies outlined in 3.10 of the report. Anthony Thomas outlined that a Key Decision was made by Cabinet on the 12 March 2019 to use these allocated S106 monies to purchase affordable housing, which will reduce the incidence of homelessness and rough sleeping. While Lichfield District Council have successfully purchased two properties, it is a challenging market to be making acquisitions within.

RESOLVED: The Committee noted the report

62 CIPFA RESILIENCE INDEX

Anthony Thomas (Head of Finance and Procurement) provided the committee with a report on the Chartered Institute of Public Finance and Accountancy (CIPFA) Resilience Index. Anthony Thomas outlined that this Resilience Index is part of the CIPFA Financial Management Code Framework which had been reported to and noted by the Audit and Member Standards Committee on the 12 November 2020. The Resilience Index provides a baseline to assess the impact of the pandemic. Financial resilience is becoming increasingly important. There have been some Councils, such as Slough Borough Council, which have issued s114 notices. Eight other authorities have received exceptional support from the government as part of a funding package and will be subject to independent reviews.

Anthony Thomas provided assurance that Lichfield District Council performed well against the Index. However, the Strategic Risk Register does have risk allocated on the availability of finance. This is outside of appetite at the moment, principally due to the uncertainty of reforms in local government finance.

Item 3.7 of the report outlines the results of the last two CIPFA Resilience Index statistical releases compared to nearest statistical neighbours and all District Councils. The Committee requested additional information on the higher risk indicated for business rates. Anthony Thomas outlined that this measure assesses the growth the Council have achieved compared to the baseline set by government in 2013/2014. Any increase in growth increases the following risks:

- Issues in local economy.
- Business rate reset which forms part of the local government finance reform, the growth above the baseline is likely to be redistributed within the sector to fund pressures

Anthony Thomas outlined that only a proportion of business rate growth is assumed to be retained by the Council as part of the Business Rate estimates from 2022/23 to provide mitigation for this risk

The Committee asked whether CIPFA vary their Resilience index and, if so, what impact this has had. Anthony Thomas confirmed that there have only been two publications to date and there have not been any changes to the Resilience Indicators or Comparators, but, there are likely to be changes in the future.

The Committee asked for further clarification on the difference between the reserves sustainability measure and the level of reserves, and why this had been indicated as a medium risk and the other as a lower risk than neighbouring authorities. Anthony Thomas confirmed the reserves sustainability measure is looking at how quickly the reserves are being used and how long they would last at that rate.

RESOLVED: The Committee noted the report

63 INTERNAL AUDIT PROGRESS REPORT

The Committee welcomed Andrew Wood, new Internal Audit Manager, to their first committee.

Andrew Wood presented the Internal Audit Progress Report which provides a summary of the internal audit activity and performance for the period from 1 April 2021 to 30 June 2021 and highlighted that 6% of the audit plan been completed so far which is against a profile of 22.5%. The first quarter is normally low in coverage, however, this has been exacerbated this quarter by the availability of staff, resources and timing in relation to the implementation of new systems.

Andrew Wood outlined that a number of steps have been taken to ensure completion of the audit plan:

- Tendered for a specialist IT Auditor to carry out 20 days of IT audit and to complete an IT risk assessment.
- Procurement complete for a general auditor.

There were five high priority recommendations, one of which has been implemented and the remainder will be under continued review with the relevant Head of Service.

There were three limited assurance reports:

- GDPR is now reported as substantial assurance
- Procurement is now a reasonable assurance
- Beacon Park is now a reasonable assurance

Andrew Wood noted that while GDPR has been reported to be a substantial assurance, this will continue to be reviewed by the Committee and one remaining high priority recommendation requires implementation.

The committee requested assurances that there would be an increase in pace during quarter 2. Andrew Wood provided assurances that with the support of the IT specialist and the new general auditor the pace will increase during the next quarter.

RESOLVED: The Committee noted the report

64 QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME /PUBLIC SECTOR INTERNAL AUDIT STANDARDS

Andrew Wood presented the Internal Audit's compliance with the Public Internal Audit Standards (PSIAS) and the Quality Assurance and Improvement Programme (QAIP).

Andrew Wood outlined that Internal Audit's compliance with the PSIAS is required under the Accounts and Audit Regulations 2015 and this is therefore reported to this Committee on an

annual basis and no actions have been carried forward from last year's QAIP and no further actions have been identified this year.

RESOLVED: The Committee noted the report

65 RISK MANAGEMENT UPDATE

Andrew Wood presented the Risk Management Update Report and highlighted the key changes since the Committee's last risk update (March 2021) are:

- Removal of strategic risk, SR8 (Failure to safely, securely and legislatively compliantly deliver the May 2021 elections due to having to run them during pandemic conditions). Elections run.
- Removal of strategic risk, SR9 (Council strategic leadership compromised by the change in Chief Executive). Chief Executive appointed.
- Updates to mitigating controls, actions and lines of assurance have been updated on the Register where applicable.
- Other Horizon Scanning Risks Arising at June 2021 (at the end of the register) are risks which are not strategic risks currently, but that need a 'watching brief' have been reviewed and updated.

Andrew Wood provided assurances to the Committee that meetings are held with Leadership Team on a monthly basis to review the strategic risks affecting the council, and provided an overview of risks which have not yet been added to the strategic risk register but require some oversight.

The Committee asked whether SR2, the resilience of teams to effectively respond to a further serious disruption to services is under consistent review of Leadership Team, especially in terms of any staff required to self-isolate during the pandemic. Andrew Wood confirmed that he is also meeting with each Head of Service individually to discuss their service risk registers which include pandemic resilience.

Andrew Wood also confirmed that potential up and coming elections would be added to the Horizon Scanning Risks from June 2021 and would be kept under review in conjunction with the service risk register.

The Committee reviewed SR4, failure to meet governance and or statutory obligations and asked what external factors would prevent Lichfield District Council meeting statutory obligations. Christie Tims, Head of Governance and Performance confirmed the risk has increased to 9 as the Leyfield & Netherstowe Final Action Plan had not been approved at the time the report was written. This has since been approved and the implementation will be overseen by this committee.

RESOLVED: The Committee noted the report

66 RIPA REPORTS POLICY AND MONITORING

Christie Tims, Head of Governance and Performance, presented a report to the Committee on the Council's Code of Practice for carrying out surveillance under the Regulation of Investigatory Powers Act 2000 (RIPA).

Christie Tims updated the Committee on the findings of the recent IPCO inspection which recommended an annual review of the RIPA policy to be approved by this committee which will form part of the annual report going forward. There has been an update to the Policy to

include reference to the developing use of CHIS and noting the increase in use of social media. It also makes clear that Human Rights Assessments should be undertaken and documented for all types of surveillance, not just that falling within RIPA.

Christie Tims confirmed that the Council has not used directed surveillance in the current financial year and that there have been no authorisations for the use of CHIS.

The Committee questioned whether there would be a benefit of using covert surveillance in certain circumstances, such as fly tipping and whether or not this has been considered. Christie Tims provide assurances to the Committee that there isn't a reluctance of Officers to use covert surveillance, however, it is considered a last resort option and suitable alternatives which are as effective have been sourced where required.

RESOLVED: The Committee accepted this as the RIPA monitoring report for the last financial year.

The Committee approved the updates to the Corporate Policy and Procedure for RIPA.

The Committee noted the RIPA Investigatory Powers Commissioner's Office (IPCO) Inspection Report 2021.

67 MODEL CODE OF CONDUCT

Christie Tims presented a report on the LGA's Model Code of Conduct. This Model Code of Conduct, published and circulated to Members in December 2020, is still awaiting Government consideration of the Committee on Standards in Public Life recommendations, and therefore the recommendation to this Committee is to await the outcome of these recommendations but undertake a consultation in the interim period.

The Committee commented on the current limitations of available sanctions under the Localism Act 2011 which does not give sufficient weight to ensure compliance with the existing Code of Conduct.

The Committee discussed the appropriate Committee to undertake a consultation in the interim period.

RESOLVED: The Committee noted the report and resolved to undertake a consultation while awaiting the recommendations from the Committee on Standards in Public Life.

68 LEYFIELD & NETHERSTOWE FINAL ACTION PLAN

Christie Tims presented the Final Action Plan as set out in Appendix 1 of the Leyfields & Netherstowe Lessons Learnt report approved by Cabinet on Tuesday 6 July 2021. In recommendation 1.2 of this report Cabinet referred the Final Action Plan to Audit and Member Standards Committee to monitor and ensure implementation of each individual action.

Christie Tims updated the Committee that all actions have been implemented, with the exception of training which is scheduled to take place by autumn for officers and in due course for members. The final agreement of the settlement in relation to the decision to cancel the sale has been signed by all parties, formal exchange will take place in due course.

The Committee requested further information on what checklists and policies existed previously. Christie Tims confirmed that there had not been a disposal policy in place previously, there had also not been a checklist to follow. In relation to signing & sealing, this

has always been outlined in the constitution, however in this instance, this did not reach the signing & sealing process.

The Committee commended the efforts of the Monitoring Officer, Head of Service and officers who had been involved in the implementation of the recommendations and actions which have arisen from the Lessons Learnt Report.

RESOLVED: The Committee noted the action plan

69 WORK PROGRAMME

Members noted the Work Programme and the Chairman requested any additions/alterations to the programme.

(The Meeting closed at 7.20 pm)

CHAIR

REGULATORY AND LICENSING COMMITTEE

29 JULY 2021

PRESENT:

Councillors Checkland (Vice-Chair in the Chair), Anketell, Baker, Barnett, Cross, Eagland, L Ennis, Evans, Salter and Warfield

1 APOLOGIES FOR ABSENCE

There were apologies from Cllrs Yeates (Chair), Little and Ray.

2 DECLARATIONS OF INTEREST

There were no declarations of interest received.

3 MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting held 25 February 2021 were approved as read.

4 WORK PROGRAMME

The Committee noted the current contents of the Work Programme and were informed that this would be updated in advance of later meetings.

5 PROPOSED DIVERSION OF PART OF PUBLIC FOOTPATH - FRADLEY AND STREETHAY NO 10 (PART) IN THE PARISH OF FRADLEY AND STREETHAY

The committee was informed of the Proposed Diversion of Part of Public Footpath in Fradley and Streethay. It was noted that this proposal also goes to the County Planning Department for approval before Lichfield District Council then conduct a six week consultation period.

With regards to the proximity of the diversion to the railway line, Councillors sought clarification on who was responsible for overseeing the safety aspects of this and who was responsible for checking the site. It was explained that Network Rail had been consulted on safety and had no objections to the proposal. It was also explained that Lichfield District Council and Staffordshire County Council would check the site.

The Committee were informed that whilst members were free to informally discuss the proposed footpath diversion and close proximity planning application with members of the Planning Committee, they could not pass any motion that would restrict the Planning Committee on that proposal as it was an entirely separate and monitored application.

RESOLVED: Members unanimously approved the Proposed Diversion of Part of Public Footpath - Fradley and Streethay.

6 BUSINESS & PLANNING ACT 2020 EXTENSION

The Business & Planning Act 2020 Extension report was presented to the committee by the Partnerships, Community Safety and Licensing Manager. It was explained that the £700 cost outlined in the report was the amount typically reported by other local authorities.

Councillors asked for more clarity for blue badge holders who are not aware of parking changes relating to pavement licences. It was subsequently explained that pavement licence holders wishing to extend will be required to put up a notice declaring this but these concerns would be taken into account.

Councillor Cross questioned why the committee was considering waiving the fee of £100 for pavement licences when business were now operating more successfully than had been the case this time last year. He proposed that the Council should not waive the fee for pavement licences – this amendment was seconded by Councillor Salter. The Chair noted the concerns raised but stated that as businesses were looking to operate outside rather than inside to reduce the spread of Covid-19, in the interest of public health the Committee should err on the side of the report recommendation.

RESOLVED: The proposed amendment was defeated unanimously. Members approved the original proposals set out in the report unanimously.

7 TAXI LICENSING CONDITIONS

The report on Taxi Licencing Conditions was presented to the committee by the Partnerships, Community Safety and Licensing Manager. It was noted that officers would look at the functioning of the temporary 12 month extension of the age limit from five years on first application to six and on renewal from seven years to eight up to the end of June 2022.

Councillors stated that taxi drivers will need to understand the relaxation set out might not be permanent and will need to be notified of such. The Committee strongly supported the importance of a consultation on CCTV with taxi drivers operating within the district.

On extending the age limit of electric cars, it was confirmed to the committee that Hybrid vehicles could also be incorporated into the proposals set out. Councillor Baker proposed amending the recommendation to remove the need for a consultation on relaxing vehicle age rules as the information was already available but to include hybrid vehicles in the relaxation.

On the potential impact of rule changes for taxis travelling to and from Birmingham, it was explained that there are short term exemptions being implemented in but officers have not yet had time to look at these.

RESOLVED: The Committee approved the recommendations as amended unanimously.

(The Meeting closed at 7.05 pm)

CHAIR

REGULATORY AND LICENSING COMMITTEE

27 SEPTEMBER 2021

PRESENT:

Councillors B Yeates (Chairman), Checkland (Vice-Chair), Anketell, Cross, Eagland, L Ennis, Evans, Ray, Salter and Warfield

8 APOLOGIES FOR ABSENCE

There were apologies from Cllrs Baker, Barnett and A Little

9 DECLARATIONS OF INTEREST

The Head of 'Regulatory Services, Housing & Wellbeing' and the 'Partnerships, Community Safety and Licensing' Manager both declared an interest as licence holders of the Community Lottery

10 MINUTES OF THE PREVIOUS MEETING

Members were informed of a minor alteration to Item 6 in the minutes of the previous meeting held 29 July 2021 and were subsequently approved as read

11 WORK PROGRAMME

The Committee noted the current contents of the Work Programme and were informed that this would be updated to include an additional meeting planned for November 22nd 2021. Members expressed a desire to see funding for electric car charging points on the agenda of the committee going forward

12 GAMBLING ACT 2005 - DRAFT STATEMENT OF PRINCIPLES

The Senior Licencing Officer outlined the report to the committee. It was clarified that the Statement of Principles that had been reformatted to make it more accessible, easy to read and non-relevant matters to the district such as mentions of airports had been removed.

In response to questions from members, it was confirmed by the Partnerships, Community Safety and Licensing Manager that local head teachers and housing associations would be added as specific consultees in the consultation. It was also confirmed that the consultation will be open to all interested parties.

RESOLVED: Members unanimously approved the proposal 'Gambling Act 2005 - Draft Statement of Principles.'

(The Meeting closed at 6.20 pm)

CHAIR

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CIL Allocation of Strategic Fund – Revised Governance Procedure

Agenda Item 10



Report of the Cabinet Member for Economic Development, Leisure & Local Plan
Councillor I. Eadie

Date:	12 October 2021
Agenda Item:	10
Contact Officer:	Stephen Stray/Helena Horton
Tel Number:	01543 308147/01543 308234
Email:	Stephen.stray@lichfielddc.gov.uk/Helena.Horton@lichfielddc.gov.uk
Key Decision?	YES
Local Ward Members	N/A

FULL COUNCIL

1. Executive Summary

- 1.1 This report presents a revised governance procedure for allocating the discretionary element of Community Infrastructure Levy (CIL) funding for strategic projects.
- 1.2 The report recognises that the Council has recently changed its committee structure and proposes changes to the current CIL governance process to take account of those changes and to ensure it is agile and efficient in decision making, oversight and delivery.

2. Recommendations

- 2.1 That Council confirms that the following revisions are made to the CIL governance process as recommended by Cabinet:
 - That the CIL Annual Financial Monitoring report (April) and mid-year update (October) are agreed by the Cabinet member for Economic Development, Leisure & Local Plan in consultation with the Head of Economic Growth and Development and reported as a briefing paper to the Council's Overview & Scrutiny committee.
 - That approval for the transfer of CIL monies related to the Cannock Chase and River Mease Special Areas of Conservation (SACs) and Neighbourhood CIL is delegated to the Cabinet member for Economic Development, Leisure & Local Plan in consultation with the Head of Economic Growth and Development.
 - That the current Joint Member and Officer Group (JMOG) is disbanded and consideration of the future preparation and revision of CIL policies, procedures and proposals including approval of spending discretionary CIL allocations for strategic infrastructure projects is made the responsibility of the Strategic Infrastructure Group (SIG) in conjunction with the Cabinet member for Economic Development, Leisure and Local Plan. The SIG will advise/make recommendations to then be considered by the Cabinet member/Cabinet in respect of the allocation of CIL monies.
 - That the operation of the SIG is scrutinised by the new Overview & Scrutiny committee and/or any such Task Group established for this purpose.
 - That the Council notes the recommendation of Cabinet that the revised governance arrangements be approved and endorses this recommendation.
- 2.2 That Council delegate authority to the Cabinet Member for Economic Development, Leisure and Local Plan in consultation with the Head of Economic Growth and Development to agree and publish the Infrastructure Funding Statement (IFS).

3. Background

- 3.1 Following the Council's recent decision to change its committee structure arrangements to form a central Overview & Scrutiny model, supported by member task groups, revisions to the Community Infrastructure Levy (CIL) governance arrangements to be consistent with the new committee structure were proposed and considered by Cabinet in [June 2021](#).
- 3.2 The existing CIL governance arrangements and those recommended to replace the existing arrangements are set out in detail within the [June 2021 Cabinet report](#). At the June 2021 meeting the Cabinet resolved to implement revisions to the CIL governance process.
- 3.3 In summary the key changes to the CIL governance process are as follows:
- The Joint Member and Officer Group (JMOG) is disbanded and consideration of the future preparation and revision of CIL policies, procedures and proposals including approval of spending discretionary CIL allocations for strategic infrastructure projects should be transferred to the Strategic Infrastructure Group (SIG) in conjunction with the Cabinet Member for Economic Development, Leisure & Local Plan. The SIG will advise/make recommendations to then be considered by the Cabinet member/Cabinet including in respect of the allocation of CIL monies.
 - Regular reports which are prepared for information, such as the CIL annual monitoring report (April) and mid-year report (October) are agreed by the Cabinet member for Economic Development, Leisure & Local Plan in consultation with the Head of Economic Growth and Development and reported as a briefing paper to the Council's Overview & Scrutiny committee.
 - The transfer of CIL monies to the Special Areas of Conservation (SACs) and the Neighbourhood CIL are processes that happen by necessity and therefore agreement for transfers are to now to take place through delegated authority between the Cabinet Member of Economic Development, Leisure & Local Plan in consultation with the Head of Economic Growth & Development.

It is considered that this approach is consistent with other delegated responsibilities already in place and, by using such delegation this will in effect free-up time for SIG to focus on other matters which require more debate.

- 3.4 Wider scrutiny and support for proposals through the new governance approach will be achieved without a slowing down in decision taking into account the new corporate Overview and Scrutiny arrangements (**Figure 1 - Appendix A**). Reports will be prepared or alternatively a briefing paper for the Overview & Scrutiny Committee in advance of Cabinet. Alternatively members of Overview & Scrutiny Committee may decide that a task group should be formed.
- 3.5 Following the Cabinet meeting held on the 8th June 2021 it is requested that Council note and agree the new governance arrangements – with JMOG disbanded and the SIG reporting into Cabinet/the relevant Cabinet Member and its work being scrutinised by Overview and Scrutiny Committee.
- 3.6 The Council is required to publish an Infrastructure Funding Statement (IFS) by 31 December each year. The IFS provides further factual data on the monitoring of CIL/planning obligation monies received and administered by the Council. This data is drawn from the CIL financial reports described at paragraph 3.3 of this report. It is recommended that the reporting of the IFS be taken alongside the annual and mid-year CIL reports and are agreed by the Cabinet member for Economic Development, Leisure & Local Plan in consultation with the Head of Economic Growth and Development.

Alternative Options

Not implementing the changes in governance arrangements could result in the continuation of the current process which can lead to inefficient use of officer and member time and a disconnect between those proposing recommendations and

	the wider scrutiny of members from Overview & Scrutiny before decisions are taken to Cabinet.
Consultation	Revision of governance arrangements has taken place in consultation with the Cabinet member for Economic Development, Leisure & Local Plan.
Financial Implications	The new governance structure will assist in enabling funding allocations to be made to support infrastructure serving the district, however, there are no impacts on District Council budgets.
Approved by Section 151 Officer	Yes.
Legal Implications	None arising from this report.
Approved by Monitoring Officer	Yes.
Contribution to the Delivery of the Strategic Plan	The new governance arrangements will assist in achieving LDCs ambitions to be a good council by allowing for transparency in decision making.
Equality, Diversity and Human Rights Implications	An Equality Impact Assessment screening has been completed.
Crime & Safety Issues	None arising from this report.
Environment Impact	None arising from this report.
GDPR / Privacy Impact Assessment	None arising from this report.

	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Severity of Risk (RYG)
A	Changes in governance arrangements	Likelihood: Yellow Impact: Yellow Severity of Risk: Yellow	The new arrangements may take some time to settle in. However, the process will be kept under review and amendments made as appropriate to ensure a streamlined and efficient process is achieved.	Likelihood: Yellow Impact: Yellow Severity of Risk: Yellow

Background documents

Community Infrastructure Levy Governance Administration Procedures – **Appendix A**

Relevant web links

[Infrastructure Funding Statement 2019-2020](#)

[CIL Allocation of Strategic Fund - Revised Allocation Criteria – Cabinet Report \(June 2021\)](#)

Lichfield District Council

Community Infrastructure Levy Governance Administration Procedures



Updated July 2021

Executive Summary

Lichfield District Council adopted its Community Infrastructure Charging Schedule on the 19th April 2016. The following document provides details of the governance and administrative procedures that will be put in place to facilitate the allocation of CIL monies received by the Council.

The governance element of these procedures have been designed to facilitate corporate and political ownership of the delivery of infrastructure requirements within Lichfield District and was updated in June 2021 to reflect changes to governance procedures for the allocation of Strategic CIL.

1.0 Community Infrastructure Levy

1.1 The Community Infrastructure Levy (CIL) is a planning obligation, introduced by the Planning Act 2008 as a tool for local authorities in England and Wales to help deliver infrastructure to support the sustainable development of their area. The Levy came into force on the 6 April 2010 as a result of the Community Infrastructure Levy Regulations 2010. The receipts created by the implementation of the CIL can be used to fund a wide range of infrastructure that is needed as a result of development.

1.2 [The CIL Charging Schedule](#) sets out the CIL charging rates that will be levied across Lichfield District. Defined land uses and identified geographical areas are used to identify the rate of CIL and form the basis of the schedule. The Charging Schedule strikes an appropriate balance between the desirability of funding infrastructure from the levy and the potential effects of the levy upon economic viability of development across the District.

1.3 Following independent examination the CIL Charging Schedule was adopted by the Council on the 19th April 2016. The Council commenced the collection of CIL on 13th June 2016. This process is governed by strict statutory requirements and procedures which have been put in place to calculate, administer and monitor CIL liable developments.

2.0 The relationship between the Community Infrastructure Levy and planning obligations

2.1 CIL funds are intended to assist in providing infrastructure necessary to support the development of an area rather than to make individual planning applications acceptable in planning terms. As a result, there may be some site specific mitigation requirements without which a development should not be granted planning permission. In these circumstances Section 106 planning obligations will continue to be used.

2.2 As part of the adoption of CIL in 2016 the Council also adopted a number of procedures and policies to govern the collection and allocation of monies collected through CIL. Since the adoption of CIL there has been a number of changes by Government to the CIL regulations. One such change, made in September 2019, is that CIL and Section 106 agreements can now be used to fund the same piece of infrastructure and the deletion of the requirement to produce a list of projects which CIL would and wouldn't be used to fund (known as the Regulation 123 list). Where the Council states that it intends to fund an item of infrastructure via CIL (i.e. it is contained within the [Infrastructure Funding Statement](#) (IFS) and [Infrastructure Delivery Plan](#) (IDP)). This is also outlined within [Planning Practice Guidance](#) (PPG).

2.3 The [Developer Contributions Supplementary Planning Document](#) (SPD) sets out the Council's approach to the use of planning obligations. It sits alongside the CIL and covers the types of development the Council intends to seek S106 contributions from, subject to meeting the legal tests set out in the relevant Planning Acts and associated regulations.

3.0 What is Infrastructure?

3.1 The Planning Act 2008 provides a wide definition of the infrastructure which can be funded by the CIL, including;

- roads and other transport facilities,
- flood defences,
- schools and other educational facilities,
- medical facilities,
- sporting and recreational facilities,

- open spaces

3.2 This gives local communities flexibility to choose what types of infrastructure they need to deliver their development plan. The [Local Plan Strategy](#) is the development plan for Lichfield District. It should be noted that the CIL regulations rule out the application of the CIL for the provision of affordable housing.

3.3 There are a number of key [Local Plan Strategy](#) policies that identify infrastructure requirements for the District. The Local Plan Strategy includes two policies that provide the strategic context for infrastructure requirements:

- Core Policy 4: Delivering Our Infrastructure
- Policy IP1: Supporting & Providing our Infrastructure

3.4 The [Infrastructure Development Plan \(IDP\)](#) is a living document which identifies the strategic and local infrastructure fundamental to achieving our ambitions for shaping the District to 2029.

3.5 The [Infrastructure Funding Statement \(IFS\)](#), which is updated on an annual basis, sets out the need for local authorities to produce a list of 'relevant infrastructure' which will be funded in whole or part by the CIL.

3.6 Subject to relevant conditions, and at its discretion, an authority may enter into an agreement for payment towards the acquisition of land to be made to discharge part or all of a CIL liability. Charging authorities may also enter into agreements to receive intended infrastructure rather than a payment towards the same. For example, where any authority has already planned to invest CIL receipts in a project there may be time, cost and efficiency benefits in accepting completed infrastructure from the party liable for payment of CIL. Payment in kind can also enable developers, users and authorities to have certainty about the timescale over which certain infrastructure items will be delivered. The Council has adopted a ['Payments in Kind' policy](#) to provide for, at its discretion, in kind infrastructure payments.

4.0 Charging Authority Responsibilities

4.1 Under the CIL Regulations the Council will be the designated 'Charging Authority'. This confers new responsibilities on the Council, which are set out in the [CIL Regulations](#) and [policy guidance](#). As the Charging Authority the Council has an obligation to: a. prepare and publish a CIL Charging Schedule b. apply the levy revenue it receives to funding the provision, improvement, replacement, operation or maintenance of infrastructure to support development of its area, and; c. publish annual reports on the amount of levy revenue collected, on what it was spent, and any remaining unspent.

4.2 As such the introduction of CIL necessitates the establishment of suitable governance arrangements to provide a framework for the allocation of the monies levied.

5.0 How will the CIL Funding be distributed?

5.1 CIL funds levied by the Charging Authority (Lichfield District Council) will be distributed from a single centralised pot held by the Council. This arrangement will require closer working relationships with partners, and in particular, require the Council to define its relationship with infrastructure providers.

- Strategic Infrastructure
- Local Infrastructure
- Special Areas of Conservation
- Parish Council Funding
- Administration fees

6.0 Special Areas of Conservation

6.1 The adopted Lichfield District Local Plan Strategy sets out a local spatial policy framework to ensure that both the Cannock Chase and River Mease Special Areas of Conservation (SAC) are protected from the implications of planned development in the area, and that mitigation is secured in order to meet the requirements of European legislation. The Council has an obligation to 'ring fence' this CIL funding that is a set fee based upon per dwelling is built. This figure will be reviewed and where appropriate updated. These funds will be allocated biannually and will be removed before the Strategic and Local infrastructure percentages as discussed below are applied to the funds

7.0 Parish Council Funding

7.1 As a statutory requirement, under CIL Regulation 59, the District Council must make provision for passing a 'meaningful proportion' of CIL receipts to communities in areas where development comes forward which in the case of Lichfield District Council means the Parishes. The CIL Regulations require Charging Authorities to transfer a 'meaningful proportion' of CIL receipts generated in these areas directly to these Councils on a biannual basis, the scale of which is dependent upon whether a relevant neighbourhood plan is in place. For Parishes where no neighbourhood plan is in place or is still emerging, 15% of CIL (capped per new dwelling as per the CIL Regulations) will be passed to the Parish Council where the development has taken place and must be spent on local priorities as outlined in [CIL Regulation 59C](#). Where a Parish has an approved neighbourhood plan in place, 25% of CIL (uncapped) will be passed to the Parish Council.

8.0 Parish Council Payment Periods

8.1 Payment periods associated with the transfer of the meaningful proportion will be in accordance with regulation 59D of the CIL Regulations.

- 59D(4), the charging authority must make payment in respect of the CIL it receives from 1st April to 30th September in any financial year to the local parish/town council by 28th October of that financial year.
- 59D(5), the charging authority must make payment in respect of the CIL it receives from 1st October to 31st March in any financial year to the local parish/town council by 28th April of the following financial year.

8.2 A Parish Council will be free to spend these funds on facilities that serve to address the demands that development places on its area, but will be obliged to report annually on CIL expenditure. The District Council would expect to receive annual financial reports four working weeks after the 31st March.

8.3 Once the levy is in place, Parish and Town Councils should work closely with their neighbouring councils and the charging authority to agree on infrastructure spending priorities. If the Parish or Town Council shares the priorities of the charging authority, they may agree that the charging authority should retain the neighbourhood funding to spend on that infrastructure. It may be that this infrastructure (e.g. a school) is not in the Parish or Town's administrative boundary, but will support the development of the area.

8.4 If a Parish or Town Council does not spend its levy share within five years of receipt, or does not spend it on initiatives that support the development of the area, the charging authority may require it to repay some or all of those funds to the charging authority. Parish Councils that receive CIL funding will be invited to an infrastructure planning meeting with the Internal Officer Working Group (IOWG).

9.0 Strategic and Local Infrastructure

9.1 CIL receipts remaining after administration, SAC payments and the meaningful proportion paid will go into a centralised pot for the purpose of supporting the delivery of strategic and local improvements on a district wide basis. Strategic and Local infrastructure elements are identified and defined within the Infrastructure Delivery Plan. The centralised pot will be split, enabling it be available to support the strategic infrastructure component and also allocated to local infrastructure components.

9.2 Strategic infrastructure refers to facilities or services serving a wide geographical area or population and can relate to part of the District, the whole District or beyond. Local infrastructure is about facilities or services that are essential in meeting day-to-day needs of the population in a specific locality. A detailed definition of Strategic and Local infrastructure can be found in the introduction section of the [IDP](#) and includes a definition of the three main categories of infrastructure.

9.3 The strategic and local infrastructure for which CIL is payable are identified on within the [IDP](#) and the [IFS](#). Infrastructure providers, including for example Staffordshire County Council or a Parish Council, will formally bid for the release of funds from this centralised pot via a formal application process to assist in delivering the infrastructure detailed within the IFS and IDP documents. The onus will be on applicants to produce strong evidence based arguments, which will include clear delivery plans for proposed projects along with potential and secured match funding information.

10.0 Administration fees

10.1 The introduction of CIL and the day-to-day discharge of the Council's duties as the 'Charging Authority' will likely be resource intensive. In line with the CIL Regulations, the Council will utilise 5% of total CIL receipts to finance the expense of administering CIL.

11.0 Surcharges

11.1 Funding generated through the administration of surcharges (as per the CIL Regulations) will be added to the strategic infrastructure funding pot to be allocated by the District Council for the delivery of infrastructure needs.

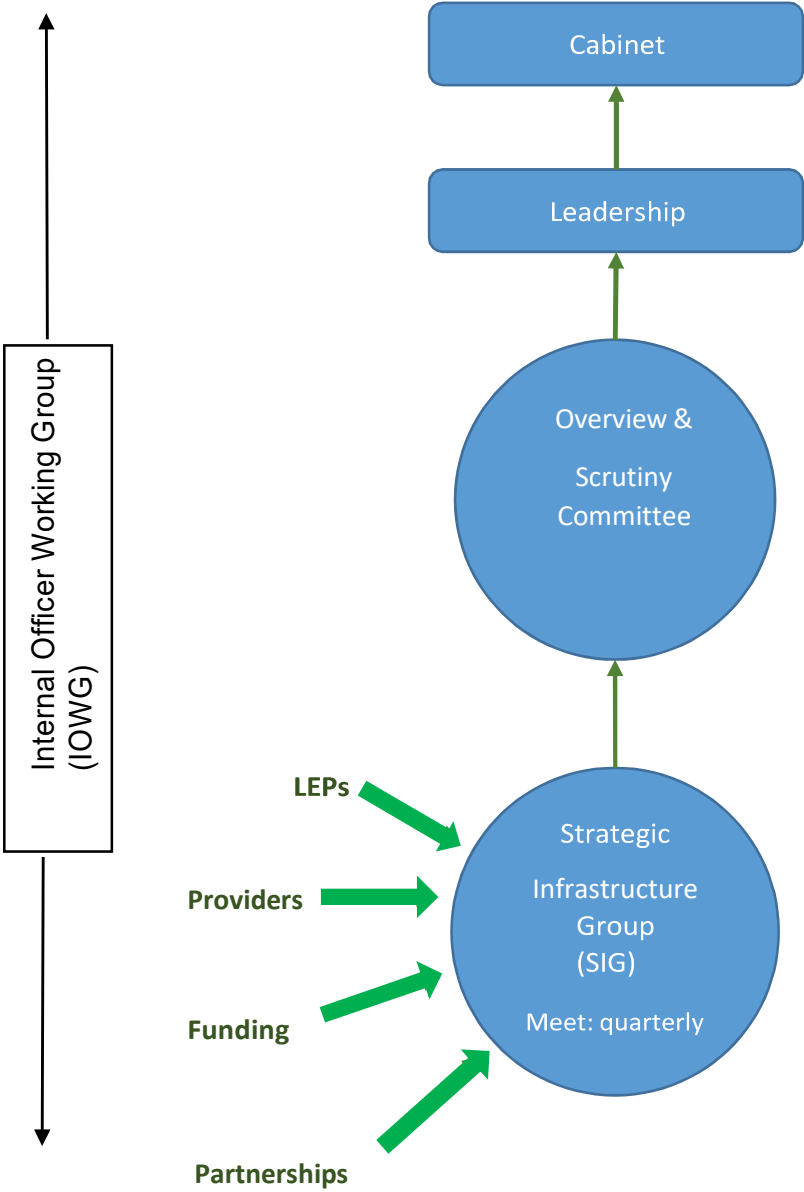
12.0 CIL Allocation: Structure

12.1 In order for the Council to be able to consider how best to deliver infrastructure priorities, a governance structure to administer the Local and Strategic element of CIL funding secured, related processes and procedures will be put in place. The detailed arrangements are set in the following paragraphs and shown diagrammatically in Figure 1.

12.2 A key initial task of the groups involved in the process will be to agree terms of reference. Those terms will relate to the overall process as set out below and will take into consideration the need for the structure to operate efficiently and effectively.

12.3 Within the Council's governance structure will see bids and assessment of these bids taken to a central Overview & Scrutiny committee, supported by member task groups, it is considered prudent to review the CIL governance arrangements. Currently matters related to CIL are considered firstly by the Strategic Infrastructure Group (SIG) which meets quarterly and is made up of officers from a variety of internal district council services and officer representation from Staffordshire County Council. Officers from the Council's Spatial Policy & Delivery team provide the administrative support. Future preparation and revision of CIL policies, procedures and proposals including approval of spending discretionary CIL allocations for strategic infrastructure projects should be transferred to the Strategic Infrastructure Group (SIG) in conjunction with the Cabinet member for Economic Development, Leisure & Local Plan.

Figure 1: Strategic CIL Allocation Governance Procedure



13.0 Cabinet

13.1 Decisions on the allocation of CIL monies to strategic and local infrastructure will be made by the Council's Cabinet and be informed by the Strategic Infrastructure Group (SIG) in conjunction with the Cabinet member for Economic Development, Leisure & Local Plan Team.

14.0 Strategic Infrastructure Group (SIG): Role and membership

14.1 There Strategic Infrastructure Group which supports the development and adoption of CIL as a means of contributing towards meeting the infrastructure needs of the District.

14.2 The group meets and will continue to meet quarterly and has a strategic focus wider than simply the allocation of CIL monies. Its purpose is to identify District wide infrastructure requirements and act as a forum for providers and potential CIL applicants to engage with the District on how infrastructure can be delivered and determine what funding opportunities are available to achieve this.

- Encourage and oversee the development of a programme of infrastructure projects that could be part funded by CIL.
- Engage with individual infrastructure providers to consider the scope for developing CIL funding applications.
- Monitor and review implementation and content of the IFS list in the context of infrastructure requirements set out in the Council's Infrastructure Delivery Plan.

14.3 The group will be chaired by the Head of Economic Growth and Development. The membership of the group will be at the discretion of the Chair but it is expected that suitable representation will be sought from across relevant Council services. Membership could be partly fluid and will be dependent on the infrastructure requirements being developed or discussed at a particular moment in time. An invitation will be extended to relevant Staffordshire County Council officers to join the group.

15.0 Internal Officer Working Group: Role & Membership

15.1 The CIL governance arrangements as set out above will be supported by an Internal Officers Working Group. The group will be chaired by the Spatial Policy and Delivery Manager. The group will meet in advance of SIG with additional meeting when required, up to eight times per annum with membership mainly consisting of officers from within Economic Growth & Development directorate. There may be times that other internal officers are invited to attend to inform specific infrastructure discussions. The group will also feed into specific internal project groups set up to take forward infrastructure requirements.

16.0 Levy Allocations Process

16.1 All allocations of the district CIL funds will be made in response to the submission of applications to the District Council as charging body and decisions made subsequently by the Council. Applications will need to be made in accordance with standardised procedures which will include criteria to enable prioritisation, which has been developed to ensure the approach being taken to determine the allocation of CIL monies is robust and importantly will help to facilitate delivery of strategic infrastructure required in the district.

16.2 Going forward, it is proposed that infrastructure will be categorised to assist the process of prioritisation. This will help distinguish between projects that are critical to enable development, and those that will mitigate the effects of the development compared with those that are important to deliver wider place-making objectives. This assessment criteria will take into account the relevant strategies within the Infrastructure Delivery Plan (IDP), Infrastructure Funding Statement (IFS), Local Plan Policies and corporate directives of the council. Projects which align with the proposed strategies will be considered as a priority.

16.3 In order to assist in the decision making and assessment of whether a proposed funding project meets the relevant criteria, a scoring system to assess a project against the relevant criteria has been developed. The scoring system criteria focuses on three key project areas. These are, evidence of need for the proposed project, evidence of stakeholder support and finance and deliverability. Enhanced weighting is given to projects which align with the councils Strategic Plan, settlement specific and Neighbourhood Plan policies and the Local Plan which is supported by the IDP and IFS. The IFS, produced on an annual basis, provides a narrative that sets out how developer contributions will be used to deliver plan policies, including projects or types of infrastructure.

16.4 To ensure the appropriate and timely delivery of projects, conditions will be attached to the allocation of CIL funding from the centralised pot to a specific infrastructure requirement and project. The infrastructure provider who has secured CIL from the centralised pot will be required to enter into a grant agreement which will confirm the detail of conditions.

16.5 The grant agreement will include a commitment to complete quarterly monitoring returns to the Council. These returns will form the basis of quarterly monitoring reports to the Officer Working Group, SIG, Overview and Scrutiny and Cabinet groups.

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Money Matters : 2021/22 Review of Financial Performance against the Financial Strategy

Cabinet Member for Finance, Procurement and Revenues & Benefits

Date: 12 October 2021
 Agenda Item: 11
 Contact Officer: Anthony Thomas
 Tel Number: 01543 308012
 Email: Anthony.thomas@lichfielddc.gov.uk
 Key Decision? YES
 Local Ward Full Council
 Members



Council

1. Executive Summary

1.1 The report covers the repurposing of earmarked reserves to reflect strategic priorities.

2. Recommendations

2.1. To approve an update the Medium Term Financial Strategy to repurpose the earmarked reserves identified totalling **£775,923** to new earmarked reserves identified in the background section of the report.

3. Background

Budget Management

- 3.1. The MTFs 2020-25 approved by Council on 16 February 2021 included the Original Budget for 2021/22 and set out the allocation of resources and the policies and parameters within which managers are required to operate.
- 3.2. Throughout the financial year, Money Matters reports are provided to both Cabinet and Overview and Scrutiny Committee at three, six and eight month intervals to monitor performance.
- 3.3. The Money Matters reports update the Approved Budget for latest projections and the eight month report will form the basis of the Revised Approved Budget for 2021/22 and will be approved by Council on 22 February 2022.

Earmarked Reserves

- 3.4. There are no earmarked reserves scheduled to be returned to general reserves in 2021/22 under the three year time limit contained in the approved policy.
- 3.5. However, Cabinet and Leadership Team have been reviewing all unrestricted earmarked reserves with the aim of identifying those that could be repurposed to support strategic priorities.
- 3.6. The unrestricted earmarked reserves identified to date for repurposing are shown in the table below:

Reserve Name	Amount identified for Repurposing
Potential Employee Costs	30,000
HS2	35,413
Multi Storey Car Park Refurbishment	40,000
Growth Hub Advisor	7,000
Small Business Grant Scheme	4,196
Local Authority Parks Improvement Programme	340
Total	£116,949

3.7. In addition, a more detailed review is taking place in relation to the following unrestricted earmarked reserves to ascertain the potential for some or all of the balances to be repurposed:

Reserve Name	Amount 1 April 2021	Amount available for Repurposing	Amount requiring a policy decision
Discretionary Grant	125,905		
Local Restrictions Support Grant Open	99,435		
Local Restrictions Support Grant New Burdens Grant	58,500		
Test & Trace New Burdens Grant	22,362		
Test & Trace New Burdens Grant	24,910		
New Burdens Grant for Restart & ARG	166,800		
Housing/Hardship Risks	226,000	166,000	
Operational Services Contract Risks	492,974	492,974	
Property Company Loan	559,000		559,000
Business Rates Pilot Coach Park	605,959		605,959
Total	£2,381,845	£658,974	£1,164,959

3.8. It is recommended that the total of **£775,923** (£116,949 and £658,974) identified for repurposing is allocated to apprenticeships within the Council and an earmarked reserve to fund strategic priorities:

New Reserve	Amount
Apprenticeships	400,000
Strategic Priorities	375,923
Total	£775,923

Alternative Options	These are considered as part of the ongoing development of the Strategic Plan and the Medium Term Financial Strategy.
Consultation	Consultation is undertaken as part of the Strategic Plan and with Leadership Team.
Financial Implications	These are shown in the background section.
Approved by Section 151 Officer	Yes
Legal Implications	No specific legal implications. The recommended changes to the Medium Term Financial Strategy not part of the approved Budget Framework will be required the approval of Full Council.
Approved by Monitoring Officer	Yes
Contribution to the Delivery of the Strategic Plan	The MTFs underpins the delivery of the Strategic Plan.
Equality, Diversity and Human Rights Implications	There are no additional Equality, Diversity or Human Rights implications.
Crime & Safety Issues	There are no additional Crime and Safety Issues.

Environmental Impact	These areas are addressed as part of the specific areas of activity prior to being included in Lichfield District Council's Strategic Plan.
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GDPR/Privacy Impact Assessment	These areas are addressed as part of the specific areas of activity prior to being included in Lichfield District Council's Strategic Plan.
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	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
Strategic Risk SR1 - Non achievement of the Council's key priorities contained in the Strategic Plan due to the availability of finance (Head of Finance and Procurement (Section 151)).				
A	Council Tax is not set by the Statutory Date of 11 March 2022	Likelihood : Green Impact : Red Severity of Risk : Yellow	Full Council set with reference to when major preceptors and Parishes have approved their Council Tax Requirements.	Likelihood : Green Impact : Red Severity of Risk : Yellow
B	Implementation of the Check, Challenge and Appeal Business Rates Appeals and more frequent revaluations	Likelihood : Yellow Impact : Red Severity of Risk : Red	To closely monitor the level of appeals. An allowance for appeals has been included in the Business Rate Estimates.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
C	The review of the New Homes Bonus regime	Likelihood : Red Impact : Red Severity of Risk : Red	The Council responded to the recent consultation. Not all of the projected New Homes Bonus is included as core funding in the Base Budget. In 2022/23 £400,000 is included with the balance transferred to general reserves. At this stage, no income is assumed from 2023/24 onwards.	Likelihood : Red Impact : Yellow Severity of Risk : Yellow
D	The increased Localisation of Business Rates and the Review of Needs and Resources	Likelihood : Red Impact : Red Severity of Risk : Red	To assess the implications of proposed changes and respond to consultations to attempt to influence the policy direction in the Council's favour.	Likelihood : Red Impact : Red Severity of Risk : Red
E	The affordability and risk associated with the Capital Strategy	Likelihood : Yellow Impact : Red Severity of Risk : Red	An estates management team has been recruited to provide professional expertise and advice in relation to property and to continue to take a prudent approach to budgeting.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
F	The public sector pay freeze in 2021/22 is not applicable to Local Government	Likelihood : Yellow Impact : Red Severity of Risk : Red	The current MTFS assumes that the pay freeze for those earning more than £24,000 per annum is applicable to Local Government. If this does not prove to be the case, an element of general reserves can be utilised to fund the increase in 2021/22 and projections for later years will be updated in the MTFS.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
G	Sustained higher levels of inflation in the economy	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow	To maintain a watching brief on economic forecasts, ensure estimates reflect latest economic projections and where possible ensure income increases are maximised to mitigate any additional cost.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
Strategic Risk SR3: Capacity and capability to deliver / adapt the new strategic plan to emerging landscape (Leadership Team).				
H	The financial impact of COVID-19 is not fully reimbursed by Government and exceeds the reserves available resulting in a Section 114 notice	Likelihood : Yellow Impact : Red Severity of Risk : Yellow	The use of general and earmarked reserves to fund any shortfall	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow

	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
I	The Council cannot achieve its approved Delivery Plan for 2022/23	Likelihood : Yellow Impact : Red Severity of Risk : Red	There will need to be consideration of additional resourcing and/or reprioritisation to reflect the ongoing impact of the pandemic	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
J	The resources available in the medium to longer term to deliver the Strategic Plan are diminished	Likelihood : Yellow Impact : Red Severity of Risk : Red	The MTFS will be updated through the normal review and approval process	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
K	Government and Regulatory Bodies introduce significant changes to the operating environment	Likelihood : Red Impact : Red Severity of Risk : Red	To review all proposed policy changes and respond to all consultations to influence outcomes in the Council's favour	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow

Background documents

Medium Term Financial Strategy (Revenue and Capital) 2020-2025 (MTFS) – Cabinet 9 February 2021

Money Matters: 2020/21 Review of Financial Performance against the Financial Strategy – Cabinet 8 June 2021

Medium Term Financial Strategy (MTFS) – Cabinet 6 July 2021

Money Matters: 2021/22 Review of Financial Performance against the Financial Strategy – Cabinet 7 September 2021

Relevant web link

Annual Treasury Management Report

Cabinet Member for Finance, Procurement and Revenues & Benefits

Date: 12 October 2021
Agenda Item: 12
Contact Officer: Anthony Thomas
Tel Number: 01543 308012
Email: Anthony.thomas@lichfielddc.gov.uk
Key Decision? YES
Local Ward Members : Full Council

Agenda Item 12

Lichfield
district council

Council

1. Executive Summary

- 1.1 The report confirms the Council was compliant with all Treasury Limits and Prudential Indicators for 2020/21.

2. Recommendations

- 2.1 To approve the actual 2020/21 Prudential Indicators contained within the report.

3. Background

The Capital Programme and Treasury Management

- 3.1 This Annual Treasury Report is a requirement of the Council's reporting procedures. It covers the Treasury activity during 2020/21 and the actual Prudential Indicators for 2020/21.
- 3.2 Treasury Management is defined as: *"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*
- 3.3 Overall responsibility for Treasury Management remains with the Council. No Treasury Management activity is without risk; the effective identification and management of risk are integral to our Treasury Management objectives.
- 3.4 Our Treasury Management activity is underpinned by CIPFA's Code of Practice on Treasury Management ("the Code"), which requires local authorities to produce annually Prudential Indicators and a Treasury Management Strategy Statement on the likely financing and investment activity. The Code also recommends that members be informed of treasury management activities at least twice a year. We report regularly to the Cabinet and Audit and Member Standards Committee on Treasury policy; strategy and activity.
- 3.5 This report is prepared in accordance with the revised CIPFA Treasury Management Code and the revised Prudential code and
 - presents details of capital spend, capital financing, borrowing and investment transactions;
 - reports on the risk implications of Treasury decisions and transactions;
 - gives details of the outturn position on Treasury Management transactions in 2020/21;
 - confirms compliance with Treasury limits and Prudential Indicators.
- 3.6 The performance of the Treasury Management function should be measured against the investment objectives of **Security** (the safe return of our monies), **Liquidity** (making sure we have sufficient money to pay for our services) and **Yield** (the return on our investments) contained in Statutory Guidance.
- 3.7 In addition, external borrowing is considered against the objectives of it being **affordable** (the impact on the budget and Council Tax), **prudent** and **sustainable** (over the whole life).

Alternative Options

There are no alternative options.

Consultation

Consultation is undertaken as part of the Strategic Plan, with Leadership Team and the Audit and Member Standards Committee.

Financial Implications

Prudential indicators (PI) 2020/21:

- We can confirm that the Council has complied with its Prudential and Local Indicators for 2020/21; these were originally approved by Council at its meeting on 18 February 2020 and were fully revised and approved by Council on 16 February 2021.
- In compliance with the requirements of the CIPFA Code of Practice this report provides members with a Summary Report of the Treasury Management Activity during 2020/21.
- None of the other Prudential and Local Indicators have been breached. The Prudential and Local Indicators are summarised in the table below:

Capital Strategy Indicators					
Prudential Indicators					
Indicators	2019/20 Actual	2020/21 Original	2020/21 Revised	2020/21 Actual	Compliant
Capital Investment					
Capital Expenditure (£m)	£2.297	£14.804	£3.979	£3.264	✓
Capital Financing Requirement (£m)	£4.305	£25.432	£2.727	£3.016 ¹	✓
Gross Debt and the Capital Financing Requirement					
Gross Debt	(£3.590)	(£19.091)	(£2.878)	(£2.295)	✓
Borrowing in Advance - Gross Debt in excess of the Capital Financing Requirement	No	No	Yes	No	✓
Total Debt					
Authorised Limit (£m)	£4.315	£31.906	£15.404	£6.591	✓
Operational Boundary (£m)	£4.315	£23.088	£7.203	£6.591	✓
Proportion of Financing Costs to Net Revenue Stream (%)	4%	10%	5%	5%	✓

Local Indicators					
Indicators	2019/20 Actual	2020/21 Original	2020/21 Revised	2020/21 Actual	Compliant
Replacement of Debt Finance or MRP (£m)	(£0.719)	(£1.041)	(£1.684)	(£1.289)	✓
Capital Receipts (£m)	(£1.005)	(£0.537)	(£0.207)	(£0.434)	✓
Liability Benchmark (£m)	(£22.652)	£11.249	(£15.877)	(£25.033)	✓
Treasury Management Investments (£m)	£34.554	£16.759	£28.131	£37.330	✓

Treasury Management Indicators				
Prudential Indicators				
	Lower Limit	Upper Limit	2020/21 Actual	Compliant
Refinancing Rate Risk Indicator				
Under 12 months	0%	100%	9%	
12 months and within 24 months	0%	100%	9%	
24 months and within 5 years	0%	100%	27%	
5 years and within 10 years	0%	100%	30%	✓
10 years and within 20 years	0%	100%	26%	
20 years and within 30 years	0%	100%	0%	
30 years and within 40 years	0%	100%	0%	
40 years and within 50 years	0%	100%	0%	
50 years and above	0%	100%	0%	

¹ The higher level is due to an element of the funding, to enable the early repayment of capital investment at Burntwood Leisure Centre, still needing to be identified in 2021/22 of £357,628.

Indicators	2019/20 Actual	2020/21 Original	2020/21 Revised	2020/21 Actual	Compliant
Principal Sums invested for periods longer than a year (£m)	£6.000	£10.000	£10.000	£8.000	✓

Local Indicators

Indicators	2019/20 Actual	2020/21 Original	2020/21 Revised	2020/21 Actual	Compliant
	£m	£m	£m	£m	
Balance Sheet Summary and Forecast					
Borrowing Capital Financing Requirement	£3.163	£24.871	£2.105	£2.410 ²	✓
Internal or (over) Borrowing	£0.715	£6.340	(£0.150)	(£0.155)	✓
(Investments) or New Borrowing	(£34.959)	(£16.093)	(£28.131)	(£37.330)	✓
Liability Benchmark	(£22.652)	£11.249	(£15.877)	(£25.033) ³	✓

	Target	2020/21 Actual	Compliant
Security			
Portfolio average credit rating	A-	A+	✓
Liquidity			
Temporary Borrowing undertaken	£0.000	£3.000	✓
Total Cash Available within 100 days (maximum)	90%	76%	✓

Figures shaded in blue have been updated from the Cabinet version of the Report due to more up to date information being available and these will be reflected in the Report to Council.

Contribution to the Delivery of the Strategic Plan

The MTFs underpins the delivery of the Strategic Plan.

Equality, Diversity and Human Rights Implications

There are no additional Equality, Diversity or Human Rights implications.

Crime & Safety Issues

There are no additional Crime and Safety Issues.

Environmental Impact

There are no additional Environmental Impacts. CIPFA is undertaking a consultation that includes the potential for Environmental, Social and Governance (ESG) of counterparties to form part of the revised Treasury Management Code.

GDPR/Privacy Impact Assessment

There are no additional GDPR/Privacy Impact Assessment Impacts.

	Risk Description	How We Manage It	Severity of Risk
Strategic Risk SR1 - Non achievement of the Council's key priorities contained in the Strategic Plan due to the availability of finance.			
A	Council Tax is not set by the Statutory Date of 11 March 2021	Full Council set with reference to when major preceptors and Parishes have approved their Council Tax Requirements.	Likelihood : Green Impact : Red Severity of Risk : Yellow
B	Implementation of the Check, Challenge and Appeal Business Rates Appeals and more frequent revaluations	To closely monitor the level of appeals. An allowance for appeals has been included in the Business Rate Estimates.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
C	The review of the New Homes Bonus regime	Not all of the projected New Homes Bonus is included as core funding in the Base Budget. In 2021/22 £500,000 is included and in 2022/23 £400,000 is included. At this stage, no income is assumed from 2023/24 onwards.	Likelihood : Red Impact : Yellow Severity of Risk : Yellow
D	The increased Localisation of	To assess the implications of proposed changes	Likelihood : Red

² The higher level is due to an element of the funding, to enable the early repayment of capital investment at Burntwood Leisure Centre, still needing to be identified in 2021/22.

³ This has changed from £25,077 in the Outturn due to final figures not being available at that time.

	Risk Description	How We Manage It	Severity of Risk
	Business Rates and the Fair Funding Review in 2022/2023	and respond to consultations to attempt to influence the policy direction in the Council's favour.	Impact : Red Severity of Risk : Red
E	The affordability and risk associated with the Capital Strategy	An estates management team has been recruited to provide professional expertise and advice in relation to property and to continue to take a prudent approach to budgeting.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
Strategic Risk SR3: Capacity and capability to deliver / adapt the new strategic plan to emerging landscape.			
F	The financial impact of COVID-19 is not fully reimbursed by Government and exceeds the reserves available resulting in a Section 114 notice	The use of general and earmarked reserves to fund any shortfall.	Likelihood : Green Impact : Red Severity of Risk : Yellow
G	The Council cannot achieve its approved Delivery Plan for 2021/22	There will need to be consideration of additional resourcing and/or reprioritisation to reflect the ongoing impact of the pandemic.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
H	The resources available in the medium to longer term to deliver the Strategic Plan are diminished	The MTFS will be updated through the normal review and approval process.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
I	Government and Regulatory Bodies introduce significant changes to the operating environment	To review all proposed policy changes and respond to all consultations to influence outcomes in the Council's favour.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow

Background Documents	<ul style="list-style-type: none"> • CIPFA Code of Practice for Treasury Management in the Public Services • The Prudential Code for Capital Finance in Local Authorities • The Treasury Management Strategy Statement (TMSS) 2020/21 – Audit and Member Standards Committee 5 February 2020 • Mid-Year Treasury Management Report – Audit and Member Standards Committee 12 November 2020 • The Treasury Management Strategy Statement (TMSS) 2021/22 – Audit and Member Standards Committee 3 February 2021
Relevant web link	

Review of Development Management Service Structure

Councillor Angela Lax, Cabinet Member for Regulatory, Housing & Health

Date:	12th October 2021
Agenda Item:	13
Contact Officer:	Claire Billings
Tel Number:	01543 308171
Email:	Claire.billings@lichfielddc.gov.uk
Key Decision?	YES
Local Ward Members	N/A

Lichfield
district council

COUNCIL

1. Executive Summary

- 1.1 A report was considered by Cabinet on the 7th September 2021 in respect of a review of the Development Management (planning) team.
- 1.2 The review proposed a revised structure to increase the amount of resources within the team from 18.3 FTE to 22.3 FTE and included the addition of market supplements on certain posts, in order to seek to address the pressures the team face with regard to high and increasing workloads, recruitment and retention of staff and, also customer expectations and responsiveness.
- 1.3 Cabinet agreed with the recommendation and subsequently approved a revised structure for the DM team and, to the proposed increased resources to support this. This was agreed subject to a recommendation to Council, to increase the revenue base budget for the development management team (totalling £1.13m for the period 2021/22 to 2025/26).
- 1.4 A link to the Cabinet report is included below.

2. Recommendations

- 2.1 That Council confirms the Cabinets' decision of the 7th September 2021 and approves an increase in the Revenue Base Budget (totalling £1.13m for the period 2021/22 to 2025/26) for the development management team, as detailed in the financial implications section.

3. Background

- 3.1 See [Cabinet report](#) of the 7th September 2021; extract below setting out the proposed changes:
- 3.2 To address the challenges of workload levels, meet the increasing customer demand placed on the service and return the service to an acceptable level of performance, it is proposed to include the following changes within the DM team:
 - a) Increase the level of resource from 18.3 FTE to 22.3 FTE. This increase will include additional capacity for the enforcement and senior level planning officer resource in the service. (See **Appendix A** and **B** of the Cabinet report respectively for the existing and proposed structures).

- b) Enhance the principal/team leader post salaries via a market supplement in order to attract and retain staff. Market supplements proposed follow a recent salary benchmarking exercise which identified a gap in local rates of pay compared to other nearby local authorities.

3.3 Implementing the proposed revised structure would result in a budget increase for the service in the order of £220,000 for 2021/22 rising to £231,000 2025/26. A total additional cost of £1.13 million over the 5-year period.

Alternative Options	<p>1. Stop Service- as it is a statutory function of Council to determine applications submitted under the Planning Acts this cannot be done.</p> <p>2. Shared service or staffing - opportunities to share staff have been previously explored on a county-wide basis but overall lack of capacity and appetite from many Council's. Problems of recruiting are affecting other neighbouring authorities so sharing staff unlikely to be workable or viable.</p> <p>3. Continue to engage consultants - not a cost-effective option plus this does not ensure consistency of approach nor service/team development, significant resource required to train interims, interims are less reliable and can cause instability in teams.</p> <p>4. Reduce performance & quality of work – an option, however not one to be recommended as this could mean the Council is designated as non-performing and potentially have decision making powers removed from it. Also, important Council projects could be delayed and there would be reduced income and loss of reputation.</p>																																																												
Consultation	<ol style="list-style-type: none"> 1. Internal parties including HR & Finance Officers 2. Leadership Team 3. Cabinet 4. ELG in respect of Market Supplements 																																																												
Financial Implications	<p>Note: 20% refers to posts currently funded by the 20% uplift of planning application fees that have to be ring-fenced for planning purposes, therefore this funding is dependent upon income levels generated from application fees.</p> <table border="1" data-bbox="406 1489 1316 1892"> <thead> <tr> <th></th> <th>2021/22</th> <th>2022/23</th> <th>2023/24</th> <th>2024/25</th> <th>2025/26</th> </tr> </thead> <tbody> <tr> <td>Current</td> <td>609,650</td> <td>624,510</td> <td>639,740</td> <td>654,130</td> <td>668,880</td> </tr> <tr> <td>Current 20</td> <td>63,950</td> <td>65,230</td> <td>66,550</td> <td>67,880</td> <td>69,250</td> </tr> <tr> <td>20% Funding</td> <td>(63,950)</td> <td>(65,230)</td> <td>(66,550)</td> <td>(67,880)</td> <td>(69,250)</td> </tr> <tr> <td></td> <td>609,650</td> <td>624,510</td> <td>639,740</td> <td>654,130</td> <td>668,880</td> </tr> <tr> <td>Proposed</td> <td>830,660</td> <td>847,490</td> <td>864,630</td> <td>882,120</td> <td>899,960</td> </tr> <tr> <td>Proposed 20</td> <td>66,100</td> <td>67,450</td> <td>68,830</td> <td>70,230</td> <td>71,670</td> </tr> <tr> <td>20% Funding</td> <td>(66,100)</td> <td>(67,450)</td> <td>(68,830)</td> <td>(70,230)</td> <td>(71,670)</td> </tr> <tr> <td></td> <td>830,660</td> <td>847,490</td> <td>864,630</td> <td>882,120</td> <td>899,960</td> </tr> <tr> <td>Additional Funding</td> <td>221,010</td> <td>222,980</td> <td>224,980</td> <td>227,990</td> <td>231,080</td> </tr> </tbody> </table> <p>Notes:</p> <ol style="list-style-type: none"> i. Assumes the potential apprentice role would be funded through a corporate budget as part of on-going discussions regarding apprenticeship appointments to the Authority. ii. The 20% refers to posts currently funded by the 20% uplift of planning application fees that have to be ring-fenced for planning purposes. Funding is 		2021/22	2022/23	2023/24	2024/25	2025/26	Current	609,650	624,510	639,740	654,130	668,880	Current 20	63,950	65,230	66,550	67,880	69,250	20% Funding	(63,950)	(65,230)	(66,550)	(67,880)	(69,250)		609,650	624,510	639,740	654,130	668,880	Proposed	830,660	847,490	864,630	882,120	899,960	Proposed 20	66,100	67,450	68,830	70,230	71,670	20% Funding	(66,100)	(67,450)	(68,830)	(70,230)	(71,670)		830,660	847,490	864,630	882,120	899,960	Additional Funding	221,010	222,980	224,980	227,990	231,080
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	<p>therefore dependent upon income levels generated from application fees.</p> <p>This additional financial investment will increase the annual funding gap and in the absence of additional income or savings being identified, will need to be funded by general reserves. The use of general reserves on an ongoing basis is not good practice and is not a sustainable approach. It will also mean that there would be less funding available to manage financial risks or invest in strategic priorities.</p>
Approved by Section 151 Officer	Yes

Legal Implications	1. There are no specific legal implications however as a statutory service the proposals if accepted would assist the Council in meeting its obligations as local planning authority.
Approved by Monitoring Officer	N/A

Contribution to the Delivery of the Strategic Plan	1. In terms of District Council’s Strategic Plan 2020 to 2024 the proposals would contribute to shaping the place/District, in determining applications that support developments that preserve the districts characteristics and ensure sustainable development; encourage and support economic growth and promote the ability to be more customer responsive.
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Equality, Diversity and Human Rights Implications	1. There are no equality, diversity and human rights implications associated with implementing the recommendations.
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Crime & Safety Issues	1. There are no crime and safety issues associated with implementing the recommendations.
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Environmental Impact	1. The proposals if accepted would enable the Development Management Service to oversee the implementation of agreed spatial policies as they impact upon the development and use of land in the district and associated with this the protection and enhancement of environmental assets.
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GDPR / Privacy Impact Assessment	1. No Privacy Impact Assessment has been undertaken as there are no GDPR implications relevant to the recommendation.
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	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
A	More staff leave the authority due to strain of high workloads and poor morale.	Likelihood: Red Impact: Red Severity of Risk: Red	Commit to delivering service improvements and proposals set out in this paper.	Likelihood: Yellow Impact: Yellow Severity of Risk: Yellow
B	Sickness levels rise within the team	Likelihood: Red Impact: Red Severity of Risk: Red	Provide internal support from manager/HR/Counselling	Likelihood: Yellow Impact: Yellow Severity of Risk: Yellow
C	Not meeting NIs and subsequent designation as non-	Likelihood: Yellow	Outsource work and/or bring in more consultants to support the team to help meet targets. Increase use of	Likelihood: Green

	performing authority & loss of local decision-making	Impact: Yellow Severity of Risk: Yellow	EoT agreement with applicants, if they are willing to enter into such.	Impact: Yellow Severity of Risk: Green
D	Need to return application fees if applications not progressed in timely manner	Likelihood: Yellow Impact: Yellow Severity of Risk: Yellow	Refuse applications without negotiating and encourage resubmissions; but likely to impact on appeal work.	Likelihood: Green Impact: Yellow Severity of Risk: Green
E	Delivery of Important and strategic projects delayed including Council priority projects and housing delivery	Likelihood: Yellow Impact: Yellow Severity of Risk: Yellow	Bring in interim support to lead on projects- although will increase budget spend and bring risks.	Likelihood: Green Impact: Yellow Severity of Risk: Yellow
F	Increase in complaints including to LG Ombudsman.	Likelihood: Yellow Impact: Yellow Severity of Risk: Yellow	Bring in interim support to lead on projects- more budget spend.	Likelihood: Green Impact: Yellow Severity of Risk: Green
G	Increase use and costs of interim support	Likelihood: Red Impact: Yellow Severity of Risk: Yellow	Fee levels negotiated to ensure best value where possible.	Likelihood: Yellow Impact: Yellow Severity of Risk: Yellow
H	Impact on Council reputation as a result of negative feedback and inability to meet customer demands	Likelihood: Yellow Impact: Yellow Severity of Risk: Yellow	Seek to manage customer expectations and prioritise work areas where demands are high or are felt of greater importance.	Likelihood: Green Impact: Yellow Severity of Risk: Yellow
I	Lack of qualified and skilled staff and poor decisions made increasing appeals and legal challenges	Likelihood: Yellow Impact: Yellow Severity of Risk: Yellow	Support and training provided to officers by managers and recruitment process	Likelihood: Green Impact: Yellow Severity of Risk: Yellow
J	Proposed market supplement levels are insufficient to address the recruitment and retention issues	Likelihood: Yellow Impact: Red Severity of Risk: Yellow	Understand nature of market and consider all factors that influence staff and potential staff in respect of employment with the Council.	Likelihood: Yellow Impact: Yellow Severity of Risk: Yellow

Background documents

Item 8, Cabinet Report 7th September 2021

Relevant web links

<https://democracy.lichfielddc.gov.uk/ieListDocuments.aspx?CI=138&MI=1737&Ver=4>

Introduction of Dual Stream Recycling in 2022 & Associated Financial Matters

Cllr Ashley Yeates , Cabinet Member for Climate Change and Recycling

Date:	12 October 2021
Agenda Item:	14
Contact Officer:	Ben Percival
Tel Number:	07772 913265
Email:	ben.percival@lichfielddc.gov.uk
Key Decision?	YES
Local Ward Members	Full Council

Lichfield
district council

COUNCIL

1. Executive Summary

- 1.1 Dual Stream recycling is the most cost-effective approach to disposal of this waste stream, given a) the significant increase in gate fees for the disposal of current commingled waste and b) is the best option to achieve a required increase in the amount of material recycled over time.
- 1.2 The Cabinets of both Lichfield District Council and Tamworth Borough Council (the Waste Collection Authorities) have agreed that the optimal solution is transition to a dual stream collection service based principally on a bag and bin option.
- 1.3 The Cabinets of both Lichfield District Council and Tamworth Borough Council have approved the financial settlement reached with Staffordshire County Council (the Waste Disposal Authority) to support the introduction of dual stream recycling from April 2022.

2. Recommendations

- 2.1 That Council update the Medium Term Financial Strategy based on the additional financial implications of Dual Stream Recycling, specifically:
 - To increase the revenue budget by an annual net cost of **£73,000** (Full Cost £252,000 offset by SCC of £126,000 and Tamworth BC of £53,000) in 2022/23 increasing to **£82,000** (Full Cost £267,000 offset by SCC of £126,000 and Tamworth BC of £59,000) in 2025/26 as detailed in the financial implications section.
 - To increase the revenue budget for a one off cost for transition of **£68,000**. The full cost offset by SCC of £34,000 (capped at £94,000) and Tamworth BC of £34,000 in 2022/23.
 - To include a project in the Capital Programme for Bins/Bags acquisition in 2021/22 of **£229,000**. This project will be funded by a contribution of **£95,000** from Tamworth BC and the Council's share of **£134,000** from the waste property growth earmarked reserve.

3. Background

- 3.1 The Environmental Protection Act 1990 (EPA) makes District Councils responsible for the collection of household waste as the Waste Collection Authority (WCA). Upper tier County Councils are responsible for its disposal as the Waste Disposal Authority (WDA). A District can make its own arrangements for the disposal of recycling; where it decides to do so it has to pay the gate fees to the re-processor but in return it receives a payment from the WDA which is known as a Recycling Credit. The District also

receives any income generated from the sale of the DMR post-sorting, depending on the nature of the contract it has with the re-processor. The Recycling Credit was introduced by the Government in order to incentivise Districts to invest in recycling services. A District can at any time hand back disposal responsibility to a WDA, but it is worth noting that the WDA has powers to direct a District to deliver waste to a designated place. In effect this gives the WDA power of direction to take back disposal responsibility without agreement even if there are financial consequences for the District.

- 3.2 Ever since recycling services were introduced in Tamworth and Lichfield nearly 20 years ago both Districts have procured contracts for the disposal of dry recyclable materials (DMR) and garden waste. Throughout this period the gate fees have been lower than the aggregate of the Recycling Credit and any income received from the sale of the material, with the surplus generated being used to offset the cost of providing these services
- 3.3 The current recycling service requires residents to present all their DMR in a single blue bin which is emptied fortnightly. This collection methodology is known as commingling and the material once collected is taken to Biffa Waste Services' transfer facility in Aldridge before it is bulked up and transported to a Material Recycling Facility (MRF) in the North East for processing.
- 3.4 Six Staffordshire Waste Collection Authorities (WCAs) – Lichfield and Tamworth along with Newcastle, East Staffs, South Staffs and Cannock have contracts for the processing of the DMR with Biffa Waste Services Ltd; all expire in March 2022. The procurement process for a replacement processing contract showed that the market for the processing of DMR has shifted dramatically, primarily because of material quality issues, such that the current arrangements for delivering the service (collection methodology and disposal) may have to change.
- 3.5 Contamination levels in comingled waste can regularly exceed 15%, which is unattractive to the re-processors. As a consequence gate fees for new contracts based on this methodology have nearly trebled compared to the existing rate plus the amount of income payable for the sale of materials has fallen. In contrast gate fees are much lower and income levels higher for materials collected by dual-streaming where the fibre is collected separately from the other materials. This is due to the higher quality of material collected by these methodologies compared to commingling
- 3.6 Following an options appraisal, Cabinet on 6 July 2021 agreed to the implementation of dual stream collections using a bag for paper/card and for the WCAs retain responsibility for disposal. For operational reasons it will be necessary to provide a second bin to some rural households; these households would have separate bins for fibre and for glass cans & plastics, collected fortnightly on an alternating basis. The move to a new system of dual stream recycling will be supported by a scrutiny task group to help inform and shape the operational detail of the new collections.
- 3.6 At their meeting 7 September 2021 Cabinet accepted the financial settlement negotiated with Staffordshire County Council to share the costs of implementing and operating dual stream collections. Cabinet also recommended the MTFs be updated to reflect
- 3.8 Cabinet received a report on 6th July 2021 on the advantages and disadvantages of the six options. The decision made was as follows:

1.1 *The following recommendations were approved by Cabinet (final approval being subject to parallel agreement by the Council's JWC partners Tamworth Borough Council):*

- *Subject to Staffordshire County Council's agreement to fund an equitable share of the additional costs, the Joint Waste Service move to a dual-stream collection methodology (Option 5); subject to recommendation 1.2. The key principles the Council would seek in an equitable cost share between itself and the County Council would be as follows:*
 - *There should be no capping of the level of support, the sharing should be on an open book reconciliation of actual costs,*

- *The cost sharing to including all additional costs of a dual-stream service, including costs of transition and implementation,*
- *That there should be no modification of the current mechanism of uplifting recycling credit in line with RPI.*

If unable to agree this equitable split the Council would hand back comingled disposal as detailed in the final bullet point of recommendation 1.1.

- *The dual-stream collections be based on a default of a bin for glass cans and plastics and a bag for paper and card (a second bin may be provided where this proves more suitable to residents and collection rounds).*
- *Delegation of the authority to enter into contracts for the disposal of dual-stream waste to the Cabinet Member for Climate Change and Recycling and the Head of Operational Services and subject to recommendation 1.2.*
- *If Staffordshire County Council do not agree to fund an equitable share of the additional costs of dual-stream collection; the existing comingled collection methodology (option 2) to be retained and the transfer of responsibility for the disposal of Dry Mixed Recycling be returned to Staffordshire County Council from 1st April 2022 (subject to recommendation 1.2).*

1.2 *The Cabinet recommended that Council update the Medium Term Financial Strategy based on the additional financial implications of the selected option:*

- *Option 5: to increase the revenue budget by a maximum of £146,909 (Full Cost £251,988 and Tamworth BC cost £105,079) per annum from 2022/2023. This budget pressure may reduce as a result of cost sharing negotiations with Staffordshire County Council. In addition, to include a new project in the Capital Programme in 2021/22 for £229,183 (Lichfield DC £133,614 and Tamworth BC £95,569) funded by contributions from Staffordshire CC, Tamworth BC and Lichfield DC (reserves) or;*
- *Option 2: to increase the revenue budget by £50,491 (Full Cost £86,605 and Tamworth BC cost £36,114) per annum from 2022/23*

4. Proposal for Consideration

- 4.1 Since the 6th July, negotiations have been undertaken with both members and officers of Staffordshire County Council in a constructive and collaborative manner. As with all negotiations, compromises on the part of all parties have had to be made in order to get to an overall agreement.
- 4.2 The final position reached is that Staffordshire County Council has committed to sharing 50% of the additional recurring costs of £251,000 per annum of implementing dual stream recycling in both Lichfield DC and Tamworth BC in 2022 (so £125,000 per annum additional); and has agreed to an open sharing of the transitional costs on a 50/50 basis up to a maximum level of £94,000 and available up to the end of June 2022; but has not agreed to uplift RPI on recycling credits.
- 4.3 Officers have completed further preparatory work and believe the transitional costs can be managed well within the maximum envelope identified by the County Council so the risk is low.
- 4.4 The position reached is that there is agreement between Lichfield DC, Tamworth BC and Staffordshire County Council to share on a 50/50 (LDC/TBC and SCC) basis the additional permanent costs of

implementing dual stream recycling and to share the transitional costs moving to dual stream up to a maximum contribution of £94,000 from the County Council. Agreement could not be reached on maintaining the current level of inflation funding and so this represents a cost pressure for the Joint Waste Service.

- 4.5 After many months of negotiations on these matters, the draft agreement as set out in 4.4 is considered the best that can be reached so Cabinet has to decide if this is acceptable.
- 4.6 If this draft agreement is not considered acceptable there is no further room for negotiation and in these circumstances, Lichfield DC and Tamworth BC (subject to decisions yet to be taken) would need to confirm to Staffordshire County Council that we wish to hand back responsibility for disposal of dry mixed recycling from 1 April 2022.
- 4.7 Handing back disposal of dry mixed recycling needs to be considered with caution. If the intent was to retain comingled collection, this would be the most expensive option for the Staffordshire taxpayer, the least environmentally sustainable option and would do nothing to improve recycling rates. Moreover there is a risk that the County Council could use their powers of direction to compel a switch to dual-stream recycling, which Lichfield and Tamworth would have limited ability to subsequently shape. It is understood that the other Staffordshire Waste Collection Authorities currently contracted to Biffa have agreed a switch to dual-stream collection with the County Council. Handing back comingled disposal would leave Lichfield and Tamworth as an outlier locally and moving contrary to the national trend towards improving recycling rates by improving the quality of what's collected.
- 4.8 If the financial agreement is considered acceptable, then delegated authority is requested for the Head of Operational Services in consultation with the Cabinet Member for Climate Change and Recycling to implement a new system of dual stream recycling in a phased manner from April 2022 for Lichfield DC and from May 2022 for Tamworth BC (subject to their separate decisions on this matter). Briefing of all elected Members on the new system will take place prior to implementation and a communications plan and public information campaign on the new system would occur prior to the transition from collecting the current comingled waste to dual stream recycling.
- 4.9

Alternative Options	1. Alternative options have been considered but they are a net additional cost to the Staffordshire taxpayer and have no beneficial environmental impact over existing arrangements.																																																
Consultation	1. Tamworth Borough Council as our partners in the Joint Waste Service. 2. Staffordshire Council as the WDA.																																																
Financial Implications	<p>The Financial Impact Assessment provided in the report to Cabinet on 6 July 2021 detailed the financial implications of the various options on the Joint Waste Service compared to the Approved Budget.</p> <p>The impact on Lichfield District Council of the dual recycling option together with a more pessimistic scenario (5% increase in tonnage and a 50% reduction in income) and more optimistic scenario (5% reduction in tonnage and a 50% increase in income) using the 2020/21 cost sharing ratio would be:</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="6">Dual Stream Bag and Bin (Disposal – District)</th> </tr> <tr> <th>2021/22 £</th> <th>2022/23 £</th> <th>2023/24 £</th> <th>2024/25 £</th> <th>2025/26 £</th> <th>Total £</th> </tr> </thead> <tbody> <tr> <td colspan="7" style="background-color: #00a0e3; color: white; text-align: center;">Revenue Cost - Central Assumptions</td> </tr> <tr> <td>Full Cost (annual inflation of 2%)</td> <td>£0</td> <td>£252,000</td> <td>£257,000</td> <td>£262,000</td> <td>£267,000</td> <td>£1,038,000</td> </tr> <tr> <td>Less : cost sharing SCC (50% assume no inflation)</td> <td>£0</td> <td>(£126,000)</td> <td>(£126,000)</td> <td>(£126,000)</td> <td>(£126,000)</td> <td>(£504,000)</td> </tr> <tr> <td>Cost to Joint Waste</td> <td>£0</td> <td>£126,000</td> <td>£131,000</td> <td>£136,000</td> <td>£141,000</td> <td>£534,000</td> </tr> <tr> <td>Less: Tamworth BC share (41.7%)</td> <td>£0</td> <td>(£53,000)</td> <td>(£55,000)</td> <td>(£57,000)</td> <td>(£59,000)</td> <td>(£224,000)</td> </tr> </tbody> </table>		Dual Stream Bag and Bin (Disposal – District)						2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	Total £	Revenue Cost - Central Assumptions							Full Cost (annual inflation of 2%)	£0	£252,000	£257,000	£262,000	£267,000	£1,038,000	Less : cost sharing SCC (50% assume no inflation)	£0	(£126,000)	(£126,000)	(£126,000)	(£126,000)	(£504,000)	Cost to Joint Waste	£0	£126,000	£131,000	£136,000	£141,000	£534,000	Less: Tamworth BC share (41.7%)	£0	(£53,000)	(£55,000)	(£57,000)	(£59,000)	(£224,000)
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Less: Tamworth BC share (41.7%)	£0	(£53,000)	(£55,000)	(£57,000)	(£59,000)	(£224,000)																																											

Lichfield DC (58.3%)	£0	£73,000	£76,000	£79,000	£82,000	£310,000
Revenue Cost - More Pessimistic Assumptions						
Full Cost (annual inflation of 2%)	£0	£381,000	£389,000	£397,000	£405,000	£1,572,000
Less : cost sharing SCC (capped)	£0	(£126,000)	(£126,000)	(£126,000)	(£126,000)	(£504,000)
Cost to Joint Waste	£0	£255,000	£263,000	£271,000	£279,000	£1,068,000
Less: Tamworth BC share (41.7%)	£0	(£106,000)	(£110,000)	(£113,000)	(£116,000)	(£445,000)
Lichfield DC (58.3%)	£0	£149,000	£153,000	£158,000	£163,000	£623,000

Revenue Cost - More Optimistic Assumptions						
Full Cost (annual inflation of 2%)	£0	£112,000	£114,000	£116,000	£118,000	£460,000
Less : cost sharing by SCC (50% assume no inflation)	£0	(£56,000)	(£56,000)	(£56,000)	(£56,000)	(£224,000)
Cost to Joint Waste	£0	£56,000	£58,000	£60,000	£62,000	£236,000
Less: Tamworth BC share (41.7%)	£0	(£23,000)	(£24,000)	(£25,000)	(£26,000)	(£98,000)
Lichfield DC (58.3%)	£0	£33,000	£34,000	£35,000	£36,000	£138,000

	2021/22 £	2022/23 £	Total £
Capital and Transitional Costs			
Transitional Costs (Mid May)		£68,000	£68,000
Purchase of Bins and Bags	£229,000		£229,000
Less : sharing by SCC (50% capped @ £94,000)		(£34,000)	(£34,000)
Additional cost to the Joint Waste Partnership	£229,000	£34,000	£263,000
Less : Tamworth BC share	(£95,000)	(£34,000)	(£129,000)
Additional cost to Lichfield DC	£134,000	£0	£134,000
Waste Property Growth Reserve	(£134,000)	£0	(£134,000)

Waste Property Growth Reserve	£
Opening Balance	(£214,372)
Capital and Transitional Costs	£134,000
Closing Balance	(£80,372)

In the event that the dual stream option is not selected, then the cost of the alternative option to the Joint Waste service is projected to be **£87,000** per annum, Tamworth BC's share would be **£36,000** per annum and Lichfield DC's share would be **£51,000** per annum) from 2022/23.

Approved by Section 151 Officer	Yes
Legal Implications	There are no legal implications associated with this proposal.
Approved by Monitoring Officer	
Contribution to the Delivery of the Strategic Plan	The provision of the Joint Waste Service a plays a key role in assuring we have a clean, green and welcoming place

Equality, Diversity and Human Rights Implications	There are no equality, diversity and human right implications associated with implementing the recommendations on the Future of the Dry Recycling Service. An Equality Impact Assessment has been completed and confirms that that vulnerable residents can use this system safely – the existing system of assisted collections will continue and be expanded to encompass the revised collection system.
Crime & Safety Issues	There are no crime and safety issues associated with implementing the recommendations.
Environmental Impact	Of the available options, dual-stream collection and disposal is considered likely to deliver the best recycling rates
GDPR/Privacy Impact Assessment	There are no GDPR or privacy impact issues associated with this report as it contains no personal data or reference to personal data.

	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
A	Reputational risk if transition to dual stream is not smooth	Likelihood : Yellow Impact : Red Severity of Risk : Red	Brief Elected Members on the new system; Public information and Communications campaign on new system.	Likelihood : Green Impact : Red Severity of Risk : Yellow
B	The JWS does not manage to enter into an agreement for the continued disposal of recyclates.	Likelihood: Yellow Impact: Red Severity of Risk: Red	Ensure early dialogue with BIFFA and keep WDA updated.	Likelihood: Green Impact: Red Severity of Risk: Yellow
C	The service is not compatible with the proposals adopted in the National Waste Strategy	Likelihood: Green Impact: Red Severity of Risk: Yellow	Further review of the service	Likelihood: Green Impact: Red Severity of Risk: Yellow
D	Split bodied vehicles not available in time	Likelihood: Yellow Impact: Red Severity of Risk: Red	Continuing Dialogue with manufacturer and order against agreed deadlines	Likelihood: Green Impact: Red Severity of Risk: Yellow

Background documents

June Cabinet – Future of Dry Recycling Services

<https://democracy.lichfielddc.gov.uk/documents/s10915/Item%20-%20DMR%20Cabinet%2028.06.21.pdf>

Relevant web links

Financial Procedure Rules

Cabinet Member for Finance, Procurement and Revenues & Benefits

Date:	12 October 2021
Agenda Item:	15
Contact Officer:	Anthony Thomas
Tel Number:	01543 308012
Email:	Anthony.thomas@lichfielddc.gov.uk
Key Decision?	No
Local Ward Members	Full Council



Full Council

1. Executive Summary

- 1.1 Lichfield District Council's Financial Procedure Rules set out the financial governance arrangements for the Council. They encompass the control framework for five key areas of activity: Financial Planning, Financial Management, Risk Management and Control of Resources, Systems and Procedures, and External Arrangements.
- 1.2 The Financial Procedure Rules apply to every Member and Officer of the Council, and to anyone acting on the Council's behalf.
- 1.3 The Financial Procedure Rules, attached at **Appendix A**, are based on the model Financial Procedure Rules created by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Council's Financial Procedure Rules provide the framework for managing the Council's financial affairs, and are part of Lichfield District Council's Constitution.
- 1.4 The Financial Procedure Rules should not be seen in isolation, but rather as part of the overall regulatory framework of the Council as set out in the Constitution. They will underpin and complement the procedures applied in service areas within the Council.

2. Recommendations

- 2.1 Council approves the revised Financial Procedure Rules shown at **Appendix A** for inclusion in the Constitution.

3. Background

What are the Financial Procedure Rules and why are they important?

- 3.1. The Financial Procedure Rules form part of the governance arrangements of the Council and are, in effect, the rules set by the Council to regulate its internal procedures for the conduct of business and how it spends money and records transactions. These procedures have been devised as a control to help the Council manage its financial affairs properly in compliance with all necessary requirements.
- 3.2. It is vital that good, sound financial management is maintained as this helps to ensure that the Council is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. The purpose of the Financial Procedure Rules therefore is to ensure that public accountability and high standards of financial integrity are exercised in the control of public funds that pass through the Council.

- 3.3. The Financial Procedure Rules govern the day to day operation of the Council's financial administration. They are introduced both to protect the interests of the Council, and all those who are involved with financial administration. Good financial management requires secure and reliable records and systems to process transactions and information and substantiate the effective use of public money.
- 3.4. The Financial Procedure Rules therefore set out the internal framework and procedures for financial administration and control within the Council. They include:
- **Financial Management** – the roles of Cabinet, Council, Committees, Statutory Officers, Chief Internal Auditor and Leadership Team.
 - **Financial Planning** – the Policy Framework, budgeting, the Medium Term Financial Strategy, the Revenue Budget, Capital Programme, budget monitoring and control, the scheme of virement, accounting policies, accounting records and returns, the annual Statement of Accounts and reserves and balances.
 - **Audit, Risk Management and Control of Resources** – Audit inspection, preventing fraud and corruption, managing risk, internal controls and insurance.
 - **Systems and Procedures** – Accounting systems, income, expenditure, ordering and paying for work, goods and services, payments to suppliers and salaries and wages, contracting, petty cash, banking, Treasury Management, Taxation, Stocks and Stores, Inventories and Asset Management and Staffing.
 - **External Arrangements** – Partnerships, joint working and grant funding, external funding and work for third parties.
- 3.5. The Council's Financial Procedure Rules provide the framework for managing the Council's financial affairs, and are part of Lichfield District Council's Constitution.
- 3.6. The Financial Procedure Rules should not be seen in isolation, but rather as part of the overall regulatory framework of the Council as set out in the Constitution. They will underpin and complement the procedures.

Who do the Financial Procedure Rules apply to?

- 3.7. Financial Procedure Rules apply to everyone involved in financial transactions on behalf of the Council. This includes all employees who spend money, manage budgets or procure goods and services on behalf of the Council or other bodies where the Council is the lead or accountable body, including the Joint Waste Service with Tamworth Borough Council and the Southern Staffordshire Building Control Partnership whereby Lichfield acts as the lead council.
- 3.8. All Members and Officers have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value.
- 3.9. The Head of Finance and Procurement is responsible for reporting, where appropriate, any breaches of Financial Procedure Rules. Any ambiguity arising from the interpretation of these Rules shall be settled by the Head of Finance and Procurement.

Financial Procedure Rules Review Process

- 3.10. The Head of Finance and Procurement is responsible for ensuring that the Financial Procedure Rules are kept up to date.
- 3.11. In 2015 the Council based its Financial Procedure Rules on the model set created by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 3.12. There have been a number of operational changes within the Council since the current version was adopted, and given the Contract Procedure Rules are currently being reviewed, it is an opportune time to undertake a more detailed review.

3.13. For the review of the Financial Procure Rules the following process took place:

- An update of organisational/procedural changes:
 - Removal of references to Directors
 - Updated titles for committees
 - Procedure updates, for example, petty cash, bad debt write-offs and external funding
 - References to the revised Contract Procedure Rules and updates to reflect any changes to these Rules
- Consultation with officers:
 - Monitoring Officer
 - Key Finance Officers
 - Procurement Manager
 - Internal Audit Manager
 - Income Manager
 - Senior Business Advisor (Finance)

3.14. The Financial Procedure Rules at **Appendix A** have been updated to reflect comments and changes as a result of the reviews.

Training and Communication

3.15. A training and communication plan will be developed in order to ensure that when the new Financial Procedure Rules come into force Officers are best placed to understand and work in accordance with them and the Finance Team.

Date for Incorporation into the Constitution

3.16. To enable the above training and communication work to be undertaken it is planned that the new FPRs will come into force no earlier than 1st January 2022.

Alternative Options	There are no alternative options.
Consultation	<p>3.1. Consultation has taken place with appropriate Officers within the Council.</p> <p>3.2. The audit trail of amendments to the Approved Financial Procedure Rules as follows:</p> <ul style="list-style-type: none"> • Items reviewed and approved by Audit and Member Standards Committee are shown in yellow. • Recommendations for amendments made by the Audit and Member Standards Committee are shown in blue. • Other minor changes related to presentation and updated organisational responsibility made following a final review post Audit and Member Standards Committee are shown in green.
Financial Implications	The Chief Financial Officer (Section 151 Officer) has the Statutory Responsibility for the production of the Financial Procedure Rules.
Approved by Section 151 Officer	Yes

Legal Implications	There are no specific legal implications.
Approved by Monitoring Officer	Yes
Contribution to the Delivery of the Strategic Plan	An up to date set of Finance Procedure Rules will enable us to target our resources to the priorities set out in the Strategic Plan 2020-24.
Equality, Diversity and Human Rights Implications	There are no Equality, Diversity or Human Rights issues.
Crime & Safety Issues	There are no Crime and Community Safety Issues.
Environmental Impact	These areas are addressed as part of the specific areas of activity prior to being included in Lichfield District Council's Strategic Plan.
GDPR/Privacy Impact Assessment	There are no specific implications.

	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
A	The Council does not have in place an approved set of Financial Procedure Rules that have been created in line with CIPFA best practice. The risk would impact on both Governance and Internal Control Processes within the Council.	Likelihood: Green Impact: Red Severity: Red	The Section 151 Officer has produced a set of Financial Procedure Rules based on CIPFA best practice and these form part of the Council's Constitution. These have been reviewed and updated to reflect current needs of Governance and Internal Control Processes, for approval by this Committee and then by Full Council.	Likelihood: Green Impact: Yellow Severity: Yellow

Background documents	Financial Procedure Rules.
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Relevant web links	
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Lichfield District Council Financial Procedure Rules

Version Control			
Version	Author	Date	Changes
1.1	Jane Irving	29/09/2021	Highlighted in yellow pre Audit and Member Standards, blue following Audit and Member Standards review and green following a final review.

Document Control			
Title	Financial Procedure Rules	Author	Jane Irving (Senior Business Advisor – Deputy Section 151)
Version	TBC	Document Status	TBC
Date Approved	TBC	Approved By	TBC
Superseded Version	TBC	Date of Next Review	TBC

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STATUS OF FINANCIAL PROCEDURE RULES

- 1.1 Financial procedure rules provide the framework for managing the authority's financial affairs. They apply to every member and officer of the Council and anyone acting on its behalf.
- 1.2 They form an integral part of the regulations and procedures used within the Council and should not be considered in isolation to other parts of the Constitution particularly Contract Procedure Rules and other financial policies and procedures.
- 1.3 The procedure rules identify the financial responsibilities of the Council, Cabinet and scrutiny members, the Head of Paid Service, the Chief Finance Officer and Monitoring Officer.
- 1.4 All members and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, is properly authorised, provides value for money and achieves best value.
- 1.5 The Chief Finance Officer is responsible for maintaining a continuous review of the financial procedure rules and submitting any additions or changes necessary to the Council for approval. The official annual review takes place at the Annual General Meeting (AGM) of Full Council in May will usually be done during the annual review of the Constitution. All changes to the Constitution are documented within the minutes. The Chief Finance Officer is also responsible for reporting, where appropriate, breaches of the financial procedure rules to the Council and/or to the Cabinet members.
- 1.6 The authority's detailed financial procedures, setting out how the procedure rules will be implemented, are contained in the appendices to the financial procedure rules.
- 1.7 Members of Leadership Team are responsible for ensuring that all staff in their service areas are aware of the existence and content of the authority's financial procedure rules and other internal regulatory documents and that they comply with them. They must also ensure that an adequate number of copies are available for reference within their service areas. They must also ensure there is a reference to access them on the internet/intranet via Mod Gov as appropriate.
- 1.8 The Chief Finance Officer is responsible for issuing advice and guidance to underpin the financial procedure rules that members, officers and others acting on behalf of the authority are required to follow.
- 1.9 Reference to Head of Paid Service, Monitoring Officer, Chief Finance Officer, Members of Leadership Team, and Heads of Service should be construed with reference to article 12 of this Constitution.
- 1.10 The Council's Leadership Team comprises the Chief Executive, two Directors, and six Heads of Service and Assistant Chief Executive.

Financial Regulation A: Financial Management

INTRODUCTION

- A.1 Financial management covers all financial accountabilities in relation to the running of the authority, including the policy framework and budget.

THE COUNCIL

- A.2 The Council is responsible for adopting the authority's constitution and members' code of conduct and for approving the policy framework and budget within which the Cabinet operates. It is also responsible for approving and monitoring compliance with the authority's overall framework of accountability and control. The framework is set out in its constitution. The Council is also responsible for monitoring compliance with the agreed policy and related Cabinet decisions.
- A.3 The Council is responsible for approving procedures for recording and reporting decisions taken. This includes those key decisions delegated by and decisions taken by the Council and its committees. These delegations and details of who has responsibility for which decisions are set out in the Constitution.

THE CABINET

- A.4 The Cabinet is responsible for proposing the policy framework and budget to the Council, and for discharging Cabinet functions in accordance with the policy framework and budget.
- A.5 Cabinet decisions can be delegated to an individual Cabinet member, an officer or a joint committee.
- A.6 The Cabinet is responsible for establishing protocols to ensure that individual Cabinet members consult with relevant officers before taking a decision within his or her delegated authority. In doing so, the individual member must take account of legal and financial liabilities and risk management issues that may arise from the decision.

COMMITTEES OF THE COUNCIL

- A.7 The Council has established the following committees:

Council

Cabinet

Statutory Committees

- Audit and Member Standards Committee
 - Assessment Sub Committee
 - Review Sub Committee
- Planning Committee
- Regulatory and Licensing Committee
 - Licensing and Consents Sub Committee

Overview and Scrutiny Committees

- Community, Housing and Health (Overview and Scrutiny) Committee
- Economic Growth, Environment and Development (Overview and Scrutiny) Committee
- Joint Overview and Scrutiny Committees
- Leisure, Parks and Waste Management (Overview and Scrutiny) Committee
- Strategic (Overview and Scrutiny) Committee

Staffing Committees

- Employment Committee
 - Appointments Committee
- Disciplinary and Grievance Appeals Committee
- Investigatory and Disciplinary Committee

Other Meetings

- District Board (currently under review)
- Lichfield District Parish Forum (currently under review)
- Tamworth and Lichfield Joint Waste Committee

A.8 The functions of these Committees can be found at Part 3 of the Constitution.

THE STATUTORY OFFICERS

THROUGHOUT THESE PROCEDURE RULES REFERENCES TO THE HEAD OF PAID SERVICE, CHIEF FINANCE OFFICER, MONITORING OFFICER, LEADERSHIP TEAM AND DIRECTORS HEADS OF SERVICE SHOULD BE CONSTRUED WITH REFERENCE TO DEFINITIONS IN ARTICLE 12 OF THE CONSTITUTION.

Head of Paid Service

- A.9 The Head of Paid Service is responsible for the corporate and overall strategic management of the authority as a whole. He or she must report to and provide information for the Cabinet, the Council, the Overview and Scrutiny Committee and other committees. He or she is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation. The Head of Paid Service is also responsible, together with the Monitoring Officer, for the system of record keeping in relation to all the Council's decisions (see below).

Monitoring Officer

- A.10 The Monitoring Officer is responsible for promoting and maintaining high standards of conduct and therefore provides support to the Audit and Member Standards Committee. The Monitoring Officer is also responsible for reporting any actual or potential breaches of the law or maladministration to the Council and/or to the Cabinet, and for ensuring that procedures for recording and reporting key decisions are operating effectively.
- A.11 The Monitoring Officer must ensure that Cabinet decisions and the reasons for them are made public. He or she must also ensure that council members are aware of decisions made by the Cabinet.
- A.12 The Monitoring Officer is responsible for advising all councillors and officers about who has authority to take a particular decision.
- A.13 The Monitoring Officer is responsible for advising the Cabinet or Council about whether a decision is likely to be considered contrary to or not wholly in accordance with the policy framework.
- A.14 The Monitoring Officer (together with the Chief Finance Officer) is responsible for advising the Cabinet or Council about whether a decision is likely to be considered contrary or not wholly in accordance with the budget. Actions that may be 'contrary to the budget' include:
- initiating a new policy
 - committing expenditure in future years to above the budget level
 - incurring inter-service transfers above virement limits
 - causing the total expenditure financed from council tax, grants and corporately held reserves to increase, or to increase by more than a specified amount.
- A.15 The Monitoring Officer is responsible for maintaining an up-to-date Constitution.

Chief Finance Officer

A.16 The Chief Finance Officer has statutory duties in relation to the financial administration and stewardship of the authority. This statutory responsibility cannot be overridden.

The statutory duties arise from:

- Section 151 of the Local Government Act 1972
- The Local Government Finance Act 1988
- The Local Government and Housing Act 1989
- The Accounts and Audit Regulations 2015 and Coronavirus amendment 2020.

A.17 The Chief Finance Officer is responsible for:

- the proper administration of the authority's financial affairs
- setting and monitoring compliance with financial management standards
- advising on the corporate financial position and on the key financial controls necessary to secure sound financial management
- providing financial information
- preparing the revenue budget and capital programme
- treasury management.

A.18 Section 114 of the Local Government Finance Act 1988 requires the Chief Finance Officer to report to the Council, Cabinet and external auditor if the authority or one of its officers:

- has made, or is about to make, a decision which involves incurring unlawful expenditure
- has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the authority
- is about to make an unlawful entry in the authority's accounts.

Section 114 of the 1988 Act also requires:

- the Chief Finance Officer to nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under section 114 personally
- the authority to provide the Chief Finance Officer with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under section 114.

MEMBERS OF LEADERSHIP TEAM

- A.19 Members of Leadership Team are responsible for:
- ensuring that Cabinet members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Chief Finance Officer
- A.20 It is the responsibility of members of Leadership Team to consult with the Chief Finance Officer and seek approval on any matter liable to affect the authority's finances materially, before any commitments are incurred.

OTHER FINANCIAL ACCOUNTABILITIES

Virement

- A.21 The Council is responsible for agreeing procedures for virement of expenditure between budget headings.
- A.22 Members of Leadership Team are responsible for agreeing in-year virements
- A.23 within delegated limits, in consultation with the Chief Finance Officer where required. They must notify the Chief Finance Officer of all virements.

Accounting policies

- A.24 The Chief Finance Officer is responsible for selecting accounting policies and ensuring that they are applied consistently.

Accounting records and returns

- A.25 The Chief Finance Officer is responsible for determining the accounting procedures and records for the authority.

The annual statement of accounts

- A.26 The Chief Finance Officer is responsible for ensuring that the annual statement of accounts is prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom* (CIPFA/LASAAC). The Audit Committee is responsible for approving the annual statement of accounts.

FINANCIAL REGULATION B: FINANCIAL PLANNING

INTRODUCTION

B.1 The Council is responsible for agreeing the authority's policy framework and budget, which will be proposed by the Cabinet. In terms of financial planning, the key elements are:

- the Strategic Plan
- the medium term financial strategy
- the budget
- the capital programme

POLICY FRAMEWORK

B.2 The Council is responsible for approving the policy framework and budget. The policy framework comprises the following statutory plans and strategies:

- **Strategic Plan**
- capital programme
- treasury management policy statement
- sustainable community strategy²
- crime and disorder reduction strategy²
- **plans and strategies which together comprise the development plan**
- **local development framework**
- risk management strategy

B.3 The Council is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework and for determining the circumstances in which a decision will be deemed to be contrary to the budget or policy framework. Decisions should be referred to the Council by the Monitoring Officer.

B.4 The Council is responsible for setting the level at which the Cabinet may vire budget funds from one service to another. The Cabinet is responsible for taking in-year decisions on resources and priorities in order to deliver the budget policy framework within the financial limits set by the Council.

Preparation of the Strategic Council Plan

B.5 The Chief Executive is responsible for proposing the Council Strategic Plan to the Cabinet for consideration before its submission to the Council for approval.

CABINET BUDGETING

Budget format

- B.6 The general format of the budget will be approved by the Council and proposed by the Cabinet on the advice of the Chief Finance Officer. The draft budget should include allocation to different services and projects, proposed taxation levels and contingency funds where necessary.

Budget preparation

- B.7 The Chief Finance Officer is responsible for ensuring that a revenue budget is prepared on an annual basis and a medium term financial strategy on a rolling five- yearly basis for consideration by the Cabinet, before submission to the Council. The Council may amend the budget or ask the Cabinet to reconsider it before approving it.
- B.8 The Cabinet is responsible for issuing guidance on the general content of the budget in consultation with the Chief Finance Officer as soon as possible following approval by the Council.
- B.9 It is the responsibility of members of Leadership Team to ensure that budget estimates reflecting agreed service plans are submitted to the Cabinet and that these estimates are prepared in line with guidance issued by the Cabinet.

Budget monitoring and control

- B.10 The Chief Finance Officer is responsible for providing appropriate financial information to enable budgets to be monitored effectively. He or she must monitor and control expenditure against budget allocations and report to the Cabinet on the overall position on a regular basis.
- B.11 It is the responsibility of members of Leadership Team to control income and expenditure within their area and to monitor performance, taking account of financial information provided by the Chief Finance Officer. They should report on variances within their own areas. They should also take any action necessary to avoid exceeding their budget allocation and alert the Chief Finance Officer to any problems.

Resource allocation

- B.12 The Chief Finance Officer is responsible for developing and maintaining a resource allocation process that ensures due consideration of the Council's policy framework.

Preparation of the capital programme

- B.13 The Chief Finance Officer is responsible for ensuring that a capital programme is prepared on an annual basis for consideration by the Cabinet before submission to the Council.

Guidelines

- B.14 Guidelines on budget preparation are issued to members and members of Leadership Team by the Cabinet following agreement with the Chief Finance Officer. The guidelines will take account of:
- legal requirements
 - medium-term planning prospects
 - the Council plan
 - available resources
 - spending pressures
 - best value and other relevant government guidelines
 - other internal policy documents
 - cross-cutting issues (where relevant)

MAINTENANCE OF RESERVES

- B.15 It is the responsibility of the Chief Finance Officer to advise the Cabinet and/or the Council on prudent levels of reserves for the authority.

FINANCIAL REGULATION C: RISK MANAGEMENT AND CONTROL OF RESOURCES

INTRODUCTION

- C.1 It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant operational risks to the authority. This should include the proactive participation of all those associated with planning and delivering services.

RISK MANAGEMENT

- C.2 The Audit and Member Standards Committee is responsible for approving the authority's risk management policy statement and strategy and for reviewing the effectiveness of risk management. The Chief Finance Officer is responsible for ensuring that proper insurance exists where appropriate.
- C.3 The Chief Finance Officer is responsible for preparing the authority's risk management policy statement, for promoting it throughout the authority and for advising the Cabinet on proper insurance cover where appropriate.

INTERNAL CONTROL

- C.4 Internal control refers to the systems of control devised by management to help ensure the authority's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the authority's assets and interests are safeguarded.
- C.5 The Chief Finance Officer is responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.
- C.6 It is the responsibility of members of Leadership Team to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets.

AUDIT REQUIREMENTS

- C.7 The Accounts and Audit Regulations 2015 and (Coronavirus amendment 2020) issued by the Secretary of State for Communities and Local Government require every local authority to maintain an adequate and effective internal audit.
- C.8 The Public Sector Audit Appointments Ltd is responsible for appointing external auditors to each local authority. The basic duties of the external auditor are governed by part 5 of the Local Audit and Accountability Act 2014.
- C.9 The authority may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenue and Customs, who have statutory rights of access.

PREVENTING FRAUD AND CORRUPTION

- C.10 The Chief Finance Officer is responsible for the development and maintenance of an anti-fraud and anti-corruption policy.

ASSETS

- C.11 Members of Leadership Team should ensure that records and assets are properly maintained and securely held. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.

TREASURY MANAGEMENT

- C.12 The authority has adopted CIPFA's Code of Practice for Treasury Management in the Public Services.
- C.13 The Council is responsible for approving the treasury management policy statement setting out the matters detailed in chapter 6 of CIPFA's Code of Practice for Treasury Management in the Public Services. The policy statement is proposed to the Council by the Chief Finance Officer. The Chief Finance Officer has delegated responsibility for implementing and monitoring the statement.
- C.14 All money in the hands of the authority is controlled by the officer designated for the purposes of section 151 of the Local Government Act 1972, the Chief Finance Officer.
- C.15 The Chief Finance Officer is responsible for reporting to the Audit Committee a proposed treasury management strategy for the coming financial year at or before the start of each financial year.
- C.16 All Cabinet decisions on borrowing, investment or financing shall be delegated to the Chief Finance Officer, who is required to act in accordance with CIPFA's *Code of Practice for Treasury Management in the Public Services*.
- C.17 The Chief Finance Officer is responsible for reporting to the Audit and member Standards Committee **not less than four times in** each financial year on the activities of the treasury management operation and on the exercise of his or her delegated treasury management powers. **One such report will comprise an annual report on treasury management for presentation by 30 September of the succeeding financial year. The reports are the Treasury Management Strategy, followed by a mid-year review report and an annual report. Treasury Management performance is also reported to Cabinet in Money Matters at Quarter 1, Quarter 2, Period 8 (Revised Estimate) and year end outturn.**

STAFFING

- C.18 The Council is responsible for determining how officer support for Cabinet and non- Cabinet roles within the authority will be organised.
- C.19 The Head of Paid Service is responsible for providing overall management to staff. He or she is also responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.

FINANCIAL REGULATION D: SYSTEMS AND PROCEDURES

INTRODUCTION

- D.1 Sound systems and procedures are essential to an effective framework of accountability and control.

GENERAL

- D.2 The Chief Finance Officer is responsible for the operation of the authority's accounting systems, the form of accounts and the supporting financial records. Any changes made by members of the Leadership Team to the existing financial systems or the establishment of new systems must be approved by the Chief Finance Officer. However, members of the Leadership Team are responsible for the proper operation of financial processes in their own service areas.
- D.3 Any changes to agreed procedures by members of the Leadership Team to meet their own specific service needs should be agreed with the Chief Finance Officer.
- D.4 Members of Leadership Team should ensure that their staff receive relevant financial training that has been approved by the Chief Finance Officer.
- D.5 Members of the Leadership Team must ensure that, where appropriate, computer and other systems are registered in accordance with data protection legislation. Members of the Leadership Team must ensure that staff are aware of their responsibilities under freedom of information legislation.

INCOME AND EXPENDITURE

- D.6 It is the responsibility of members of the Leadership Team to ensure that a proper scheme of delegation has been established within their area and is operating effectively. The scheme of delegation should identify staff authorised to act on the member of the Leadership Team's behalf, or on behalf of the Cabinet, in respect of payments, income collection and placing orders, together with the limits of their authority. The Cabinet is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control.

PAYMENTS TO EMPLOYEES AND MEMBERS

- D.7 The Chief Finance Officer is responsible for all payments of salaries and wages to all staff, including payments for overtime, and for payment of allowances to members.

TAXATION

- D.8 The Chief Finance Officer is responsible for advising members of Leadership Team, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the authority.
- D.9 The Chief Finance Officer is responsible for maintaining the authority's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

TRADING ACCOUNTS/BUSINESS UNITS

- D.10 It is the responsibility of the Chief Finance Officer to advise on the establishment and operation of trading accounts and business units.

FINANCIAL REGULATION E: EXTERNAL ARRANGEMENTS

INTRODUCTION

- E.1 The local authority provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders. It must also act to achieve the promotion or improvement of the economic, social or environmental well-being of its area.

PARTNERSHIPS

- E.2 The Cabinet is responsible for approving frameworks for partnerships. The Cabinet is the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs.
- E.3 The Cabinet can delegate its functions - including those relating to partnerships - to officers. The functions of the Cabinet, including a scheme of delegation, are approved by the Council and form Part 3 of this Constitution. Where functions are further delegated, the Cabinet remains accountable for them to the Council.
- E.4 The Authority is represented on partnership and external bodies at member and officer levels as appropriate.
- E.5 The Monitoring Officer is responsible for promoting and maintaining the same high standards of conduct with regard to administration in partnerships that apply throughout the authority.
- E.6 The Chief Finance Officer must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory. He or she must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. He or she must ensure that the risks have been fully appraised before agreements are entered into with external bodies.
- E.7 Members of Leadership Team are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

EXTERNAL FUNDING

- E.8 The Chief Finance Officer is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the authority's accounts.
- E.9 Approval to accept external funding (including grants) must be sought in line with the Key Decision process. Below this value, Heads of Service can approve the acceptance of external funding as long as any financial implications can be managed within the approved budget framework (if they cannot, then Cabinet and Council Approval will be required). Approval to accept can be applied for at application stage on the basis of being successful or once the award has been confirmed.

WORK FOR THIRD PARTIES

- E.10 The Cabinet is responsible for approving the contractual arrangements for any work for third parties or external bodies.

Appendix A Financial Management

FINANCIAL MANAGEMENT STANDARDS

Why is this important?

- 1.1 All staff and members have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by ensuring everyone is clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.

Key controls

- 1.2 The key controls and control objectives for financial management standards are:
- (a) their promotion throughout the authority
 - (b) a monitoring system to review compliance with financial standards, and regular comparisons of performance indicators and benchmark standards that are reported to the Cabinet and Council.

Responsibilities of the Chief Finance Officer

- 1.3 To ensure the proper administration of the financial affairs of the authority.
- 1.4 To set the financial management standards and to monitor compliance with them.
- 1.5 To ensure proper professional practices are adhered to and to act as head of profession in relation to the standards, performance and development of finance staff throughout the authority.
- 1.6 To advise on the key strategic controls necessary to secure sound financial management.
- 1.7 To ensure that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators.

Responsibilities of members of the Leadership Team

- 1.8 To promote the financial management standards set by the Chief Finance Officer in their service areas and to monitor adherence to the standards and practices, liaising as necessary with the Chief Finance Officer.
- 1.9 To promote sound financial practices in relation to the standards, performance and development of staff in their service areas.

MANAGING EXPENDITURE

Scheme of virement

Why is this important?

- 1.10 The scheme of virement is intended to enable the Cabinet, members of the Leadership Team and their staff to manage budgets with a degree of flexibility within the overall policy framework determined by the Council, and therefore to optimise the use of resources.

Key controls

- 1.11 Key controls for the scheme of virement are:

- (a) it is administered by the Chief Finance Officer within guidelines set by the Council. Any variation from this scheme requires the approval of the Council.
- (b) the overall budget is agreed by the Cabinet and approved by the Council. Members of the Leadership Team and budget managers are therefore authorised to incur expenditure in accordance with the estimates that make up the budget. The rules below cover virement; that is, switching resources between approved estimates or heads of expenditure. For the purposes of this scheme, a budget head is considered to be a line in the approved estimates report, for example the "Supplies and Services" line within a service's budget.
- (c) virement does not create additional overall budget liability. Members of the Leadership Team are expected to exercise their discretion in managing their budgets responsibly and prudently. Any virement that would result in a change of policy or a new policy, or that would result in an increased ongoing commitment for the Council will require the approval of the Council.

2 a proposed virement in excess of £275,000 must be the subject of a joint report by the Chief Finance Officer and the proposing member of the Leadership Team or included in a scheduled Money Matters or MTFS Report to the Cabinet. All other virements below £75,000 are also reported in the Money Matters or MTFS Reports and are included in the Revised Budget Approved by Council in February each year.

Responsibilities of the Chief Finance Officer

- 2.1 To prepare jointly with the member of the Leadership Team a report or include in a scheduled Money Matters or MTFS Report to the Cabinet where virements in excess of £275,000 are proposed.

Responsibilities of members of Leadership Team and

- 2.2 A member of the Leadership Team may exercise virement on budgets under his or her control on any one budget head during the year, following notification to the Chief Finance Officer.
- 2.3 The prior approval of the relevant member of the Cabinet is required for any virement, of whatever amount, where it is proposed to:
- vire between budget heads within a single service budget
 - vire between two or more service budgets

- 2.4 The prior approval of the Cabinet is required for any virement, of whatever amount, where it is proposed to:

- vire between budgets of different Cabinet members
- vire between budgets managed by different members of the Leadership Team

- 2.5 Virement that is likely to impact on the level of service activity of another member of the Leadership Team should be implemented only after agreement with the relevant member of the Leadership Team.
- 2.6 No virement relating to a specific financial year should be made after 31 March in that year.
- 2.7 Where an approved budget is a lump-sum budget or contingency intended for allocation during the year, its allocation will not be treated as a virement, provided that:
- (a) the amount is used in accordance with the purposes for which it has been established.
 - (b) the Cabinet has approved the basis and the terms, including financial limits, on which it will be allocated. Individual allocations in excess of the financial limits should be reported to the Cabinet.

ACCOUNTING POLICIES

Why is this important?

- 2.8 The Chief Finance Officer is responsible for the preparation of the authority's statement of accounts, in accordance with proper practices as set out in the format required by the *Code of Practice on Local Authority Accounting in the United Kingdom* (CIPFA/LASAAC), for each financial year ending 31 March.

Key controls

- 2.9 The key controls for accounting policies are:
- (a) systems of internal control are in place that ensure that financial transactions are lawful
 - (b) suitable accounting policies are selected and applied consistently
 - (c) proper accounting records are maintained
 - (d) financial statements are prepared which present fairly the financial position of the authority and its expenditure and income.

Responsibilities of the Chief Finance Officer

- 2.10 To select suitable accounting policies and to ensure that they are applied consistently. The accounting policies are set out in the statement of accounts, which is prepared at 31 March each year, and covers such items as:
- (a) separate accounts for capital and revenue transactions
 - (b) the basis on which debtors and creditors at year end are included in the accounts
 - (c) details on substantial provisions and reserves
 - (d) fixed assets
 - (e) depreciation
 - (f) capital charges
 - (g) work in progress
 - (h) stocks and stores
 - (i) deferred charges
 - (j) accounting for value added tax

- (k) government grants
- (l) leasing
- (m) pensions

Responsibilities of members of Leadership Team

- 2.11 To adhere to the accounting policies and guidelines approved by the Chief Finance Officer.

ACCOUNTING RECORDS AND RETURNS

Why is this important?

- 2.12 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 responsibility to prepare its annual accounts to present fairly its operations during the year. These are subject to external audit. This audit provides assurance that the accounts are prepared properly, that proper accounting practices have been followed and that quality arrangements have been made for securing economy, efficiency and effectiveness in the use of the authority's resources.

Key controls

- 2.13 The key controls for accounting records and returns are:
- (a) all Cabinet members, finance staff and budget managers operate within the required accounting standards and timetables
 - (b) all the authority's transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis
 - (c) procedures are in place to enable accounting records to be reconstituted in the event of systems failure
 - (d) reconciliation procedures are carried out to ensure transactions are correctly recorded
 - (e) prime records documents are retained in accordance with legislative and other requirements.

Responsibilities of the Chief Finance Officer

- 2.14 To determine the accounting procedures and records for the authority. Where these are maintained outside the finance service area, the Chief Finance Officer should consult the member of the Leadership Team concerned.
- 2.15 To arrange for the compilation of all accounts and accounting records under his or her direction.
- 2.16 To comply with the following principles when allocating accounting duties:
- (a) separating the duties of providing information about sums due to or from the authority and calculating, checking and recording these sums from the duty of collecting or disbursing them
 - (b) employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.
- 2.17 To make proper arrangements for the audit of the authority's accounts in accordance with the

Accounts and Audit Regulations 2015 and Coronavirus amendment 2020.

- 2.18 To ensure that all claims for funds including grants are made by the due date.
- 2.19 To prepare and publish the audited accounts of the authority for each financial year, in accordance with the statutory timetable.
- 2.20 To ensure the proper retention of financial documents in accordance with the requirements set out in the authority's document retention schedule.

Responsibilities of members of the Leadership Team

- 2.21 To consult and obtain the approval of the Chief Finance Officer before making any changes to accounting records and procedures.
- 2.22 To comply with the policies referred to in paragraph 1.3827 when allocating accounting duties.
- 2.23 To maintain adequate records to provide a management trail leading from the source of income/expenditure through to the accounting statements.
- 2.24 To supply information required to enable the statement of accounts to be completed in accordance with guidelines issued by the Chief Finance Officer.

THE ANNUAL STATEMENT OF ACCOUNTS

Why is this important?

- 2.25 The authority has a statutory responsibility to prepare its own accounts to present fairly its operations during the year. The Audit and Member Standards Committee is responsible for approving the statutory annual statement of accounts.

Key controls

- 2.26 The key controls for the annual statement of accounts are:
- the authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of these affairs. In this authority, that officer is the Chief Finance Officer
 - the authority's statement of accounts must be prepared in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom (CIPFA/LASAAC).

Responsibilities of the Chief Finance Officer

- 2.27 To select suitable accounting policies and to apply them consistently.
- 2.28 To make judgments and estimates that are reasonable and prudent.
- 2.29 To comply with the Code of Practice on Local Authority Accounting in the United Kingdom.
- 2.30 To sign and date the statement of accounts, stating that it gives a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 20xx.
- 2.31 To draw up the timetable for final accounts preparation and to advise staff and external auditors accordingly.

Responsibilities of members of the Leadership Team

- 2.32 To comply with accounting guidance provided by the Chief Finance Officer and to supply the Chief Finance Officer with information when required.

Appendix B Financial Planning

PERFORMANCE PLANS

Why is this important?

- 2.1 Each local authority has a statutory responsibility to publish various performance plans, crime reduction strategies, etc. The purpose of performance plans is to explain overall priorities and objectives, current performance, and proposals for further improvement.

Key controls

- 2.2 The key controls for performance plans are:
- (a) to ensure that all relevant plans are produced and that they are consistent
 - (b) to produce plans in accordance with statutory requirements
 - (c) to meet the timetables set
 - (d) to ensure that all performance information is accurate, complete and up to date
 - (e) to provide improvement targets which are meaningful, realistic and challenging.

Responsibilities of the Chief Finance Officer

- 2.3 To advise and supply the financial information that needs to be included in performance plans in accordance with statutory requirements and agreed timetables.
- 2.4 To contribute to the development of corporate and service targets and objectives and performance information.
- 2.5 To ensure that systems are in place to measure activity and collect accurate information for use as performance indicators.
- 2.6 To ensure that performance information is monitored sufficiently frequently to allow corrective action to be taken if targets are not likely to be met.

Responsibilities of members of the Leadership Team

- 2.7 To contribute to the development of performance plans in line with statutory requirements.
- 2.8 To contribute to the development of corporate and service targets and objectives and performance information.

BUDGETING

Format of the budget

Why is this important?

- 2.9 The format of the budget determines the level of detail to which financial control and management will be exercised. The format shapes how the rules around virement operate, the operation of cash limits and sets the level at which funds may be reallocated within budgets.

Key controls

- 2.10 The key controls for the budget format are:
- (a) the format complies with all legal requirements
 - (b) the format complies with the Council's Strategic Priority/Service Area profile with CIPFA's Service Reporting Code of Practice for Local Authorities
 - (c) the format reflects the accountabilities of service delivery.

Responsibilities of the Chief Finance Officer

- 2.11 To advise the Cabinet on the format of the budget that is approved by the Council.

Responsibilities of members of the Leadership Team

- 2.12 To comply with accounting guidance provided by the Chief Finance Officer.

Revenue budget preparation, monitoring and control

Why is this important?

- 2.13 Budget management ensures that once the budget has been approved by the Council, resources allocated are used for their intended purposes and are properly accounted for. Budgetary control is a continuous process, enabling the authority to review and adjust its budget targets during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.
- 2.14 By continuously identifying and explaining variances against budgetary targets, the authority can identify changes in trends and resource requirements at the earliest opportunity. The authority itself operates within an annual cash limit, approved when setting the overall budget. To ensure that the authority in total does not overspend, each service is required to manage its own expenditure within the cash- limited budget allocated to it.
- 2.15 For the purposes of budgetary control by managers, a budget will normally be the planned income and expenditure for a service area or cost centre. However, budgetary control may take place at a more detailed level if this is required by the member of the Leadership Team.

Key controls

- 2.16 The key controls for managing and controlling the revenue budget are:
- (a) budget managers should be responsible only for income and expenditure that they can influence

- (b) there is a nominated budget manager for each cost centre heading
- (c) budget managers accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities
- (d) budget managers follow an approved certification process for all expenditure
- (e) income and expenditure are properly recorded and accounted for
- (f) performance levels/levels of service are monitored in conjunction with the budget and necessary action is taken to align service outputs and budgets.

Responsibilities of the Chief Finance Officer

- 2.17 To establish an appropriate framework of budgetary management and control that ensures that:
- (a) budget management is exercised within annual cash limits unless the Council agrees otherwise.
 - (b) each member of the Leadership Team has available timely information on receipts and payments on each budget which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities.
 - (c) expenditure is committed only against an approved budget head.
 - (d) all officers responsible for committing expenditure comply with relevant guidance, and the financial procedure rules.
 - (e) each cost centre has a single named manager, determined by the relevant member of the Leadership Team. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making processes that commits expenditure.
 - (f) significant variances from approved budgets are investigated and reported by budget managers regularly.
- 2.18 To administer the authority's scheme of virement.
- 2.19 To submit reports to the Cabinet and to the Council, in consultation with the relevant member of the Leadership Team, where a member of the Leadership Team is unable to balance expenditure and resources within existing approved budgets under his or her control.
- 2.20 To prepare and submit reports on the authority's projected income and expenditure compared with the budget on a regular basis.

Responsibilities of members of the Leadership Team

- 2.21 To maintain budgetary control within their service areas, in adherence to the principles in 2.17, and to ensure that all income and expenditure is properly recorded and accounted for.
- 2.22 To ensure that an accountable budget manager is identified for each item of income and expenditure under the control of the member of the Leadership Team (grouped together in a series of cost centres). As a general principle, budget responsibility should be aligned as closely as possible to the decision-making that commits expenditure.
- 2.23 To ensure that spending remains within the service's overall cash limit, and that individual budget

heads are not overspent, by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast.

- 2.24 To ensure that a monitoring process is in place to review performance levels/levels of service in conjunction with the budget and is operating effectively.
- 2.25 To prepare and submit to the Cabinet reports on the service's projected expenditure compared with its budget, in consultation with the Chief Finance Officer.
- 2.26 To ensure prior approval by the Council or Cabinet (as appropriate) for new proposals, of whatever amount, that:
 - (a) create financial commitments in future years
 - (b) change existing policies, initiate new policies or cease existing policies
 - (c) materially extend or reduce the authority's services.
- 2.27 To ensure compliance with the scheme of virement.
- 2.28 To agree with the relevant member of the Leadership Team where it appears that a budget proposal, including a virement proposal, may impact materially on another service area or member of Leadership Team level of service activity.

Budgets and medium-term planning

Why is this important?

- 2.29 The authority is a complex organisation responsible for delivering a wide variety of services. It needs to plan effectively and to develop systems to enable scarce resources to be allocated in accordance with carefully weighed priorities. The budget is the financial expression of the authority's plans and policies.
- 2.30 The revenue budget must be constructed so as to ensure that resource allocation properly reflects the service plans and priorities of the Council. Budgets (spending plans) are needed so that the authority can plan, authorise, monitor and control the way money is allocated and spent. It is illegal for an authority to budget for a deficit.
- 2.31 Medium-term planning (or a three- to five-year planning system) involves a planning cycle in which managers develop their own plans. As each year passes, another future year will be added to the medium-term plan. This ensures that the authority is always preparing for events in advance.

Key controls

- 2.32 The key controls for budgets and medium-term planning are:
 - (a) specific budget approval for all expenditure
 - (b) budget managers are consulted in the preparation of the budgets for which they will be held responsible and accept accountability within delegations set by the Cabinet for their budgets and the level of service to be delivered
 - (c) a monitoring process is in place to review regularly the effectiveness and operation of budget preparation and to ensure that any corrective action is taken.

Responsibilities of the Chief Finance Officer

- 2.33 To prepare and submit reports on budget prospects for the Cabinet, including resource constraints set by the Government. Reports should take account of medium-term prospects, where appropriate.
- 2.34 To determine the detailed form of revenue estimates and the methods for their preparation, consistent with the budget approved by the Council, and after consultation with the Cabinet and members of the Leadership Team.
- 2.35 To prepare and submit reports to the Cabinet on the aggregate spending plans of service areas and on the resources available to fund them, identifying, where appropriate, the implications for the level of council tax to be levied.
- 2.36 To advise on the medium-term implications of spending decisions.
- 2.37 To encourage the best use of resources and value for money by working with members of the Leadership Team to identify opportunities to improve economy, efficiency and effectiveness, and by encouraging good practice in conducting financial appraisals of development or savings options, and in developing financial aspects of service planning.
- 2.38 To advise the Council on Cabinet proposals in accordance with his or her responsibilities under section 151 of the Local Government Act 1972.

Responsibilities of members of the Leadership Team

- 2.39 To prepare estimates of income and expenditure, in consultation with the Chief Finance Officer, to be submitted to the Cabinet.
- 2.40 To prepare budgets that are consistent with any relevant cash limits, with the authority's annual budget cycle and with guidelines issued by the Cabinet. The format should be prescribed by the Chief Finance Officer in accordance with the Council's general directions.
- 2.41 To integrate financial and budget plans into service planning, so that budget plans can be supported by financial and non-financial performance measures through the Service and Financial Planning process.
- 2.42 In consultation with the Chief Finance Officer and in accordance with the laid-down guidance and timetable, to prepare detailed draft revenue and capital budgets for consideration by the appropriate committee.
- 2.43 When drawing up draft budget requirements, to have regard to:
 - (a) spending patterns and pressures revealed through the budget monitoring process
 - (b) legal requirements
 - (c) policy requirements as defined by the Council in the approved policy framework
 - (d) initiatives already under way.

Resource allocation

Why is this important?

- 2.44 A mismatch often exists between available resources and required resources. A common scenario is that available resources are not adequate to fulfil need/desire. It is therefore imperative that needs/desires are carefully prioritised and that resources are fairly allocated, in order to fulfil all legal responsibilities. Resources may include staff, money, equipment, goods and materials.

Key controls

- 2.45 The key controls for resource allocation are:
- (a) resources are acquired in accordance with the law and using an approved authorisation process
 - (b) resources are used only for the purpose intended, to achieve the approved policies and objectives, and are properly accounted for
 - (c) resources are securely held for use when required
 - (d) resources are used with the minimum level of waste, inefficiency or loss for other reasons.

Responsibilities of the Chief Finance Officer

- 2.46 To advise on methods available for the funding of resources, such as grants from central government and borrowing requirements.
- 2.47 To assist in the allocation of resources to budget managers.

Responsibilities of members of the Leadership Team

- 2.48 To work within budget limits and to utilise resources allocated, and further allocate resources, in the most efficient, effective and economic way.
- 2.49 To identify opportunities to minimise or eliminate resource requirements or consumption without having a detrimental effect on service delivery.

Capital programmes

Why is this important?

- 2.50 Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the authority, such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and create financial commitments for the future in the form of financing costs and revenue running costs.
- 2.51 The Prudential Code places controls on the financing capacity of the authority. This means that capital expenditure should form part of an investment strategy and should be carefully prioritised in order to maximise the benefit of scarce resources.

Key controls

- 2.52 The key controls for capital programmes are:
- (a) specific approval by the Council for the programme of capital expenditure
 - (b) expenditure on capital schemes is subject to the approval of the Chief Finance Officer a scheme and estimate, including project plan, progress targets and associated revenue expenditure is prepared for each capital project, for approval by the Cabinet
 - (c) proposals for improvements and alterations to buildings must be approved by the appropriate member of the Leadership Team
 - (d) the development and implementation of asset management plans
 - (e) accountability for each proposal is accepted by a named manager
 - (f) monitoring of progress in conjunction with expenditure and comparison with approved budget.

Responsibilities of the Chief Finance Officer

- 2.53 To prepare capital estimates jointly with members of the Leadership Team and to report them to the Cabinet for approval. The Cabinet will make recommendations on the capital estimates and on any associated financing requirements to the Council.
- 2.54 To issue guidance concerning capital schemes and controls, for example, on project appraisal techniques. The definition of 'capital' will be determined by the Chief Finance Officer, having regard to government regulations and accounting requirements.
- 2.55 To obtain authorisation from the Cabinet for individual schemes where the estimated expenditure exceeds the capital programme provision by more than 10% of the original sum.

Responsibilities of members of the Leadership Team

- 2.56 To comply with guidance concerning capital schemes and controls issued by the Chief Finance Officer.
- 2.57 To ensure that all capital proposals have undergone a project appraisal in accordance with guidance issued by the Chief Finance Officer.
- 2.58 To ensure that adequate records are maintained for all capital contracts.
- 2.59 To proceed with projects only when there is adequate provision in the capital programme and with the agreement of the Chief Finance Officer, where required.
- 2.60 To prepare and submit reports, jointly with the Chief Finance Officer, to the Cabinet, of any variation in contract costs greater than the approved limits. The Cabinet may meet cost increases of up to 10% by virement from savings elsewhere within their capital programme.
- 2.61 To prepare and submit reports, jointly with the Chief Finance Officer, to the Cabinet, on completion of all contracts where the final expenditure exceeds the approved contract sum by more than 10% of the original sum.
- 2.62 To ensure that credit arrangements, such as leasing agreements, are not entered into without the prior approval of the Chief Finance Officer and, if applicable, approval of the scheme through the capital programme.

MAINTENANCE OF RESERVES**Why is this important?**

- 2.66 The local authority must decide the level of general reserves it wishes to maintain before it can decide the level of council tax. Reserves are maintained as a matter of prudence. They enable the authority to provide for unexpected events and thereby protect it from overspending, should such events occur. Reserves for specific purposes may also be maintained, such as the purchase or renewal of capital items.

Key controls

- 2.67 To maintain reserves in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom* (CIPFA/LASAAC) and agreed accounting policies.
- 2.68 For each reserve established, the purpose, usage and basis of transactions should be clearly identified.
- 2.69 Authorisation and expenditure from reserves by the appropriate member of the Leadership Team or Assistant Director in consultation with the Chief Finance Officer.

Responsibilities of the Chief Finance Officer

- 2.70 To advise the Cabinet and/or the Council on prudent levels of reserves for the authority, and to take account of the advice of the external auditor in this matter.

Responsibilities of members of the Leadership Team

- 2.71 To ensure that resources are used only for the purposes for which they were intended.

Appendix C Risk Management and Control of Resources

RISK MANAGEMENT

Why is this important?

- 3.1 All organisations, whether private or public sector, face risks to people, property and continued operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets of the organisation and to ensure the continued financial and organisational well-being of the organisation. In essence it is, therefore, an integral part of good business practice. Risk management is concerned with evaluating the measures an organisation already has in place to manage identified risks and then recommending the action the organisation needs to take to control these risks effectively.
- 3.2 It is the overall responsibility of the Audit and Member Standards Committee to approve the authority's risk management strategy, and to promote a culture of risk management awareness throughout the authority.

Key controls

- 3.3 The key controls for risk management are:
- (a) procedures are in place to identify, assess, prevent or contain material known risks, and these procedures are operating effectively throughout the authority
 - (b) a monitoring process is in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be conducted on a continuing basis
 - (c) managers know that they are responsible for managing relevant risks and are provided with relevant information on risk management initiatives
 - (d) provision is made for losses that might result from the risks that remain
 - (e) procedures are in place to investigate claims within required timescales
 - (f) acceptable levels of risk are determined and insured against where appropriate
 - (g) the authority has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage to its resources.

Responsibilities of the Chief Finance Officer

- 3.4 To prepare and promote the authority's risk management policy statement.
- 3.5 To develop risk management controls in conjunction with other members of Leadership Team.
- 3.6 To include all appropriate employees of the authority in a suitable fidelity guarantee insurance.
- 3.7 To effect corporate insurance cover, through external insurance and internal funding, and to negotiate all claims in consultation with other officers, where necessary.

Responsibilities of members of the Leadership Team

- 3.8 To notify the Head of ~~Corporate Services~~ Governance and Performance immediately of any loss, liability or damage that may lead to a claim against the authority, together with any information or explanation required by the Chief Finance Officer or the authority's insurers.
- 3.9 To take responsibility for risk management, having regard to advice from the Head of ~~Corporate Services~~ Governance and Performance and other specialist officers (e.g. crime prevention, fire prevention, health and safety).
- 3.10 To ensure that there are regular reviews of risk within their service areas.
- 3.11 To notify the Head of ~~Corporate Services~~ Governance and Performance promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances.
- 3.12 To consult the Head of ~~Corporate Services~~ Governance and Performance/ ~~and the~~ Monitoring Officer on the terms of any indemnity that the authority is requested to give.
- 3.13 To ensure that employees, or anyone covered by the authority's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

INTERNAL CONTROLS

Why is this important?

- 3.14 The authority is complex and beyond the direct control of individuals. It therefore requires internal controls to manage and monitor progress towards strategic objectives.
- 3.15 The authority has statutory obligations, and, therefore, requires internal controls to identify, meet and monitor compliance with these obligations.
- 3.16 The authority faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. Internal controls are necessary to manage these risks.
- 3.17 The 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
 - (d) risk management.

Key controls

- 3.18 The key controls and control objectives for internal control systems are:
- (a) key controls should be reviewed on a regular basis and the authority should make a formal statement annually to the effect that it is satisfied that the systems of internal control are operating effectively
 - (b) managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities
 - (c) financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems
 - (d) an effective internal audit function that is properly resourced. It should operate in accordance with the principles contained in the UK Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN) and with any other statutory obligations and regulations.

Responsibilities of the Chief Finance Officer

- 3.19 To assist the authority to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.

Responsibilities of members of Leadership Team

- 3.20 To manage processes to check that established controls are being adhered to and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risks.
- 3.21 To review existing controls in the light of changes affecting the authority and to establish and implement new ones in line with guidance from the Chief Finance Officer. Members of the Leadership Team should also be responsible for removing controls that are unnecessary or not cost or risk effective – for example, because of duplication.
- 3.22 To ensure staff have a clear understanding of the consequences of lack of control.

AUDIT REQUIREMENTS

Internal audit

Why is this important?

- 3.23 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 (SI 2015/234), regulation 6, 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”.
- 3.24 Accordingly, internal audit is an independent and objective appraisal function established by the authority for reviewing the system of internal control. It examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources. In order to maintain its independence the service is managed by the Chief Executive.

Key controls

- 3.25 The key controls for internal audit are:
- (a) that it is independent in its planning and operation
 - (b) the head of internal audit has direct access to the Head of Paid Service, Chief Finance Officer, all levels of management and directly to elected members
 - (c) the internal auditors comply with the UK Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN).

Responsibilities of the Chief Finance Officer

- 3.26 To ensure that internal auditors have the authority to:
- (a) access authority premises at reasonable times
 - (b) access all assets, records, documents, correspondence and control systems
 - (c) receive any information and explanation considered necessary concerning any matter under consideration
 - (d) require any employee of the authority to account for cash, stores or any other authority asset under his or her control
 - (e) access records belonging to third parties, such as contractors, when required
 - (f) directly access the Head of Paid Service, the Cabinet can they go directly to Cabinet? and Audit and Member Standards Committee.
- 3.27 To review the strategic and annual audit plans prepared by the head of internal audit, which take account of the characteristics and relative risks of the activities involved.
- 3.28 To ensure that effective procedures are in place to investigate promptly any fraud or irregularity.

Responsibilities of members of the Leadership Team

- 3.29 To ensure that internal auditors are given access at all reasonable times to premises, personnel, documents and assets that the auditors consider necessary for the purposes of their work.
- 3.30 To ensure that auditors are provided with any information and explanations that they seek in the course of their work.
- 3.31 To consider and respond promptly to recommendations in audit reports.
- 3.32 To ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.
- 3.33 To notify the Chief Finance Officer immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the authority's property or resources. Pending investigation and reporting, the member of the Leadership Team should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
- 3.34 To ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by the head of internal audit prior to implementation.

External audit

Why is this important?

- 3.35 The Public Sector Audit Appointments Ltd is responsible for appointing external auditors to each local authority. The external auditor has rights of access to all documents and information necessary for audit purposes.
- 3.36 The basic duties of the external auditor are defined in the Local Audit and Accountability Act 2014. In particular, part 5 of the 2014 Act requires the Comptroller and Auditor General to prepare a code of audit practice, which external auditors follow when carrying out their duties. The code of audit practice issued in April 2015 sets out the auditor's principal objectives which are to review and report upon, to the extent required by the relevant legislation and the requirements of the Code, the audited body's:
 - (a) financial statements
 - (b) arrangements for securing economy, efficiency and effectiveness in its use of resources.

3.37 The authority's accounts are scrutinised by external auditors, who must be satisfied that the statement of accounts gives a 'true and fair view' the financial position of the authority and its income and expenditure for the year in question and complies with the legal requirements.

Key controls

3.38 External auditors are appointed by the Audit Commission normally for a minimum period of five years. The Audit Commission prepares a code of audit practice, which external auditors follow when carrying out their audits.

Responsibilities of the Chief Finance Officer

3.39 To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets that the external auditors consider necessary for the purposes of their work.

3.40 To ensure there is effective liaison between external and internal audit.

3.41 To work with the external auditor and advise the Council, Cabinet and members of the Leadership Team on their responsibilities in relation to external audit.

Responsibilities of members of Leadership Team

3.42 To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets which the external auditors consider necessary for the purposes of their work.

3.43 To ensure that all records and systems are up to date and available for inspection.

PREVENTING FRAUD AND CORRUPTION

Why is it this important?

3.44 The authority will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside the authority.

3.45 The authority's expectation of propriety and accountability is that members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.

3.46 The authority also expects that individuals and organisations (e.g. suppliers, contractors, service providers) with whom it comes into contact will act towards the authority with integrity and without thought or actions involving fraud and corruption.

Key controls

3.47 The key controls regarding the prevention of financial irregularities are that:

- (a) the authority has an effective anti-fraud and anti-corruption policy and maintains a culture that will not tolerate fraud or corruption
- (b) all members and staff act with integrity and lead by example
- (c) senior managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the authority or who are corrupt
- (d) high standards of conduct are promoted amongst members by the Audit and Member Standards Committee

- (e) the maintenance of a register of interests in which any hospitality or gifts accepted must be recorded
- (f) a whistle blowing procedures policy and a money laundering policy are in place and operate effectively
- (g) legislation including the Public Interest Disclosure Act 1998 is adhered to.

Responsibilities of the Chief Finance Officer

- 3.48 To develop and maintain an anti-fraud and anti-corruption policy.
- 3.49 To maintain adequate and effective internal control arrangements.
- 3.50 To ensure that all suspected irregularities are reported to the chief internal auditor, the Head of Paid Service, the Cabinet and the Audit and Member Standards Committee.

Responsibilities of members of the Leadership Team

- 3.51 To ensure that all suspected irregularities are reported to the chief internal auditor.
- 3.52 To instigate the authority's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.
- 3.53 To ensure that where financial impropriety is discovered, the Chief Finance Officer is informed, and where sufficient evidence exists to believe that a criminal offence may have been committed, the police are called in to determine with the Crown Prosecution Service whether any prosecution will take place.
- 3.54 To ensure that any interests are entered into the Council's register of interests, and gifts and hospitality in the register of gifts and hospitality.

ASSETS

Security

Why is this important?

3.55 The authority holds assets in the form of property, vehicles, equipment, furniture and other items worth millions of pounds. It is important that assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations. An up-to-date asset register is a prerequisite for proper fixed asset accounting and sound asset management.

Key controls

3.56 The key controls for the security of resources such as land, buildings, fixed plant machinery, equipment, software and information are:

- (a) resources are used only for the purposes of the authority and are properly accounted for
- (b) resources are available for use when required
- (c) resources no longer required are disposed of in accordance with the law and the procedure rules of the authority so as to maximise benefits
- (d) an asset register is maintained for the authority, assets are recorded when they are acquired by the authority and this record is updated as changes occur with respect to the location and condition of the asset
- (e) all staff are aware of their responsibilities with regard to safeguarding the authority's assets and information, including the requirements of the **General Data Protection Act (GDPR)** and software copyright legislation
- (f) all staff are aware of their responsibilities with regard to safeguarding the security of the authority's computer systems, including maintaining restricted access to the information held on them and compliance with the authority's computer and internet security policies.

Responsibilities of the Chief Finance Officer

3.57 To ensure that an asset register is maintained in accordance with good practice for all fixed assets with a value in excess of £10,000 (**equipment**) and £25,000 (**land and property**). The function of the asset register is to provide the authority with information about fixed assets so that they are:

- safeguarded
- used efficiently and effectively
- adequately maintained.

3.58 To receive the information required for accounting, costing and financial records from each member of the Leadership Team.

3.59 To ensure that assets are valued in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom* (CIPFA/LASAAC).

Responsibilities of members of the Leadership Team

- 3.60 To ensure that lessees and other prospective occupiers of council land are not allowed to take possession or enter the land until a lease or agreement, in a form approved by the member of the Leadership Team in consultation with the Chief Finance Officer, has been established as appropriate.
- 3.61 To ensure the proper security of all buildings and other assets under their control.
- 3.62 Where land or buildings are surplus to requirements, a recommendation for sale should be the subject of a joint report by the member of the Leadership Team and the Chief Finance Officer to the Monitoring Officer.
- 3.63 To pass title deeds to the Monitoring Officer who is responsible for custody of all title deeds.
- 3.64 To ensure that no authority asset is subject to personal use by an employee without proper authority.
- 3.65 To ensure the safe custody of vehicles, equipment, furniture, stock, stores and other property belonging to the authority. To ensure that the service area maintains a register of moveable assets in accordance with arrangements defined by the Chief Finance Officer.
- 3.66 To ensure that assets are identified, their location recorded and that they are appropriately marked and insured.
- 3.67 To consult the Chief Finance Officer in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 3.68 To ensure cash holdings on premises are kept to a minimum.
- 3.69 To ensure that keys to safes and similar receptacles are carried on the person of those responsible at all times; loss of any such keys must be reported to the Chief Finance Officer as soon as possible.
- 3.70 To record all disposal or part exchange of assets that should normally be by competitive tender or public auction, unless, following consultation with the Chief Finance Officer, the Cabinet agrees otherwise.
- 3.71 To ensure that all employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged, or may possess some intrinsic value, and its disclosure or loss could result in a cost to the authority in some way.

Inventories

- 3.72 To maintain inventories and record an adequate description of furniture, fittings, equipment, plant and machinery above £1,000 in value.
- 3.73 To carry out an annual check of all items on the inventory in order to verify location, review condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. Attractive and portable items such as computers, 'phones, cameras and video recorders should be identified with security markings as belonging to the authority.
- 3.74 To make sure that property is only used in the course of the authority's business, unless the member of the Leadership Team concerned has given permission otherwise.

Stocks and stores

- 3.75 To make arrangements for the care and custody of stocks and stores in the service area.
- 3.76 To ensure stocks are maintained at reasonable levels and are subject to a regular independent physical check. All significant discrepancies should be investigated and pursued to a satisfactory conclusion.
- 3.77 To investigate and remove from the authority's records (i.e. write off) discrepancies as necessary, or to obtain Cabinet approval if they are in excess of a predetermined limit.
- 3.78 To authorise or write off disposal of redundant stocks and equipment. Procedures for disposal of such stocks and equipment should be by competitive quotations or auction, unless, following consultation with the Chief Finance Officer, the Cabinet decides otherwise in a particular case.
- 3.79 To seek Cabinet approval to the write-off of redundant stocks and equipment in excess of a predetermined sum.

Asset disposal

Why is this important?

It would be uneconomic and inefficient for the cost of assets to outweigh their benefits. Obsolete, non-repairable or unnecessary resources should be disposed of in accordance with the law and the procedure rules of the authority. **The Council's Disposal Policy was approved by Cabinet in 2021.**

Key controls

- 3.80 Assets for disposal are identified and are disposed of at the most appropriate time, and only when it is in the best interests of the authority, and best price is obtained, bearing in mind other factors, such as environmental issues. For items of significant value, disposal should be by competitive tender or public auction.
- 3.81 Procedures protect staff involved in the disposal from accusations of personal gain.

Responsibilities of the Chief Finance Officer

- 3.82 To issue guidelines representing best practice for disposal of assets.
- 3.83 To ensure appropriate accounting entries are made to remove the value of disposed assets from the authority's records and to include the sale proceeds if appropriate.

Responsibilities of members of the Leadership Team

- 3.84 To seek advice from **purchasing advisors the procurement team** on the disposal of surplus or obsolete materials, stores or equipment.
- 3.85 To ensure that income received for the disposal of an asset is properly banked and coded.

TREASURY MANAGEMENT

Why is this important?

- 3.86 Many millions of pounds pass through the authority's books each year. This led to the establishment of codes of practice. These aim to provide assurances that the authority's money is properly managed in a way that balances risk with return, but with the overriding consideration being given to the security of the authority's capital sum.

Key controls

- 3.87 That the authority's borrowings and investments comply with the CIPFA *Code of Practice on Treasury Management* and with the authority's treasury policy statement.

Responsibilities of Chief Finance Officer – treasury management and banking

- 3.88 To 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 strategy.
- 3.89 To report four times a year on treasury management activities to the Audit Committee.
- 3.90 To operate bank accounts as are considered necessary – opening or closing any bank account shall require the approval of the Chief Finance Officer.

Responsibilities of members of the Leadership Team – treasury management and banking

- 3.91 To follow the instructions on banking issued by the Chief Finance Officer.

Responsibilities of Chief Finance Officer – investments and borrowing

- 3.92 To ensure that all investments of money are made in the name of the authority or in the name of nominees approved by the Council.
- 3.93 To ensure that all securities that are the property of the authority or its nominees and the title deeds of all property in the authority's ownership are held in the custody of the appropriate member of the Leadership Team.
- 3.94 To effect all borrowings in the name of the authority.
- 3.95 To act as the authority's registrar of stocks, bonds and mortgages and to maintain records of all borrowing of money by the authority.

Responsibilities of members of the Leadership Team – investments and borrowing

- 3.96 To ensure that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without the approval of the Council, following consultation with the Chief Finance Officer.

Responsibilities of members of the Leadership Team – trust funds and funds held for third parties

- 3.97 To arrange for all trust funds to be held, wherever possible, in the name of the authority. All officers acting as trustees by virtue of their official position shall deposit securities, etc relating to the trust with the Chief Finance Officer, unless the deed otherwise provides.
- 3.98 To arrange, where funds are held on behalf of third parties, for their secure administration,

approved by the Chief Finance Officer, and to maintain written records of all transactions.

- 3.99 To ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.

Responsibilities of the Chief Finance Officer – imprest accounts

To provide employees of the authority with cash or bank imprest accounts to meet **minor urgent** expenditure on behalf of the authority and to prescribe rules for operating these accounts. **Minor items of expenditure should not exceed the prescribed amount.** To determine the petty cash limit and to maintain a record of all transactions and petty cash advances made, and periodically to review the arrangements for the safe custody and control of these advances.

- 3.100 To reimburse imprest holders as often as necessary to restore the imprests, but normally not more than monthly.

Responsibilities of members of the Leadership Team – imprest accounts

- 3.101 To ensure that employees operating an imprest account:

- (a) obtain and retain vouchers to support each payment from the imprest account. Where appropriate, an official receipted VAT invoice must be obtained
- (b) make adequate arrangements for the safe custody of the account
- (c) produce upon demand by the Chief Finance Officer cash and all vouchers to the total value of the imprest amount
- (d) record transactions promptly
- (e) reconcile and balance the account at least monthly; reconciliation sheets to be signed and retained by the imprest holder
- (f) provide the Chief Finance Officer with a certificate of the value of the account held at 31 March each year
- (g) ensure that the float is never used to cash personal cheques or to make personal loans and that the only payments into the account are the reimbursement of the float and change relating to purchases where an advance has been made
- (h) on leaving the authority's employment or otherwise ceasing to be entitled to hold an imprest advance, an employee shall account to the Chief Finance Officer for the amount advanced to him or her.

STAFFING

Why is this important?

- 3.102 In order to provide the highest level of service, it is crucial that the authority recruits and retains high calibre, knowledgeable staff, qualified to an appropriate level.

Key controls

- 3.103 The key controls for staffing are:
- (a) an appropriate staffing strategy and policy exists, in which staffing requirements and budget allocation are matched
 - (b) procedures are in place for forecasting staffing requirements and cost
 - (c) controls are implemented that ensure that staff time is used efficiently and to the benefit of the authority
 - (d) checks are undertaken prior to employing new staff to ensure that they are appropriately qualified, experienced and trustworthy.

Responsibilities of the Chief Finance Officer

- 3.104 To ensure that budget provision exists for all existing and new employees.
- 3.105 To act as an advisor to members of the Leadership Team on areas such as National Insurance and pension contributions, as appropriate.

Responsibilities of members of the Leadership Team

- 3.106 To produce an annual staffing budget in consultation with the Chief Finance Officer.
- 3.107 To ensure that the staffing budget is an accurate forecast of staffing levels and is equated to an appropriate revenue budget provision (including on-costs and overheads).
- 3.108 To monitor staff activity to ensure adequate control over such costs as sickness, overtime, training and temporary staff.
- 3.109 To ensure that the staffing budget is not exceeded without due authority and that it is managed to enable the agreed level of service to be provided.
- 3.110 To ensure that the Head of **Corporate Services Governance and Performance** and the Chief Finance Officer are immediately informed if the staffing budget is likely to be materially over or underspent.

Appendix D Financial Systems and Procedures

GENERAL

Why is this important?

- 4.1 Service areas have many systems and procedures relating to the control of the authority's assets, including purchasing, costing and management systems. Service areas are increasingly reliant on computers for their financial management information. The information must therefore be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.
- 4.2 The Chief Finance Officer has a professional responsibility to ensure that the authority's financial systems are sound and should therefore be notified of any new developments or changes.

Key controls

The key controls for systems and procedures are:

- (a) basic data exists to enable the authority's objectives, targets, budgets and plans to be formulated
- (b) performance is communicated to the appropriate managers on an accurate, complete and timely basis
- (c) early warning is provided of deviations from target, plans and budgets that require management attention
- (d) operating systems and procedures are secure.

Responsibilities of the Chief Finance Officer

- 4.3 To make arrangements for the proper administration of the authority's financial affairs, including to:
- (a) issue advice, guidance and procedures for officers and others acting on the authority's behalf
 - (b) determine the accounting systems, form of accounts and supporting financial records
 - (c) establish arrangements for audit of the authority's financial affairs approve any new financial systems to be introduced
 - (d) approve any changes to be made to existing financial systems

Responsibilities of members of the Leadership Team

- 4.4 To ensure that accounting records are properly maintained and held securely.
- 4.5 To ensure that vouchers and documents with financial implications are not destroyed, except in accordance with arrangements approved by the Chief Finance Officer and General Data Protection Regulations (GDPR).
- 4.6 To ensure that a complete management trail, allowing financial transactions to be traced from the accounting records to the original document, and vice versa, is maintained.
- 4.7 To incorporate appropriate controls to ensure that, where relevant:

- (a) all input is genuine, complete, accurate, timely and not previously processed
 - (b) all processing is carried out in an accurate, complete and timely manner
 - (c) output from the system is complete, accurate and timely.
- 4.8 To ensure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other malpractice.
- 4.9 To ensure there is a documented and tested disaster recovery plan to allow information system processing to resume quickly in the event of an interruption.
- 4.10 To ensure that systems are documented and staff trained in operations.
- 4.11 To consult with the Chief Finance Officer before changing any existing system or introducing new systems.
- 4.12 To establish a scheme of delegation identifying officers authorised to act upon the member of the Leadership Team's behalf in respect of payments, income collection and placing orders, including variations, and showing the limits of their authority.
- 4.13 To supply lists of authorised officers, with specimen signatures and financial limits, to the Chief Finance Officer, together with any subsequent variations.
- 4.14 To ensure that effective contingency arrangements, including back-up procedures, exist for computer systems. Wherever possible, back-up information should be securely retained in a fireproof location, preferably off site or at an alternative location within the building. However by the end of 2021 with the move to Office 365 and the Cloud physical back up information will no longer be required.
- 4.15 To ensure that, where appropriate, computer systems are registered in accordance with data protection legislation and that staff are aware of their responsibilities under the legislation.
- 4.16 To ensure that relevant standards and guidelines for computer systems issued by the member of the Leadership Team are observed.
- 4.17 To ensure that computer equipment and software are protected from loss and damage
- 4.18 To comply with the copyright, designs and patents legislation and, in particular, to ensure that:
- (a) only software legally acquired and installed by the authority is used on its computers
 - (b) staff are aware of legislative provisions
 - (c) in developing systems, due regard is given to the issue of intellectual property rights.

INCOME AND EXPENDITURE

Income

Why is this important?

- 4.19 Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly. 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 of administering debts.

Key controls

- 4.20 The key controls for income are:
- (a) all income due to the authority is identified and charged correctly, in accordance with an approved charging policy, which is regularly reviewed
 - (b) all income is collected from the correct person, at the right time, using the correct procedures and the appropriate stationery
 - (c) all money received by an employee on behalf of the authority is paid without delay to the Chief Finance Officer or, as he or she directs, to the authority's bank account and properly recorded. The responsibility for cash collection should be separated from that:
 - for identifying the amount due
 - for reconciling the amount due to the amount received
 - (d) effective action is taken to pursue non-payment within defined timescales
 - (e) formal approval for debt write-off is obtained
 - (f) appropriate write-off action is taken within defined timescales
 - (g) appropriate accounting adjustments are made following write-off action
 - (h) all appropriate income documents are retained and stored for the defined period in accordance with the document retention schedule and GDPR requirements
 - (i) money collected and deposited is reconciled to the bank account by a person who is not involved in the collection or banking process.

Responsibilities of the Chief Finance Officer

- 4.21 To agree arrangements for the collection of all income due to the authority and to approve the procedures, systems and documentation for its collection.
- 4.22 To order and supply to service areas all receipt forms, books or tickets and similar items and to satisfy himself or herself regarding the arrangements for their control
- 4.23 To agree the write-off of bad debts up to an approved limit in each case and to refer larger sums to the appropriate member of the Cabinet.
- 4.24 To approve all debts to be written off in consultation with the relevant member of the Leadership

Team and to keep a record of all sums written off up to the approved limit of £1,000 and to adhere to the requirements of the Accounts and Audit Regulations 2015.

4.25 To obtain the approval of the appropriate member of the Cabinet in consultation with the relevant member of the Leadership Team for writing off debts in excess of the approved limit of £1,000.

4.26 To ensure that appropriate accounting adjustments are made following write-off.

Responsibilities of members of the Leadership Team

4.27 To establish a charging policy for the supply of goods or services, including the appropriate charging of VAT, and to review it regularly, in line with corporate policies.

4.28 To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.

4.29 To authorise appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly.

4.30 To issue official receipts or to maintain other documentation for income collection.

~~4.31 To ensure that at least two employees are present when post is opened so that money received by post is properly identified and recorded.~~

4.32 To hold securely receipts, tickets and other records of income for the appropriate period.

4.33 To lock away all income to safeguard against loss or theft, and to ensure the security of cash handling.

4.34 To ensure that income is paid fully and promptly into the appropriate authority bank account in the form in which it is received. Appropriate details should be recorded on to paying-in slips to provide an audit trail. Money collected and deposited must be reconciled to the bank account on a regular basis.

4.35 To ensure income is not used to cash personal cheques or other payments.

4.36 To supply the Chief Finance Officer with details relating to work done, goods supplied, services rendered or other amounts due, to enable the Chief Finance Officer to record correctly the sums due to the authority and to ensure accounts are sent out promptly. To do this, members of the Leadership Team should use established performance management systems to monitor recovery of income and flag up areas of concern to the Chief Finance Officer. Members of the Leadership Team have a responsibility to assist the Chief Finance Officer in collecting debts that they have originated, by providing any further information requested by the debtor, and in pursuing the matter on the authority's behalf. Only up to approved levels of cash can be held on the premises.

4.37 To keep a record of every transfer of money between employees of the authority. The receiving officer must sign for the transfer and the transferor must retain a copy.

4.38 To recommend to the Chief Finance Officer all debts to be written off and to keep a record of all sums written off up to the approved limit. Once raised, no bona fide debt may be cancelled, except by full payment or by its formal writing off. A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt.

- 4.39 To obtain the approval of the Chief Finance Officer when writing off debts in excess of the approved limit, and the approval of the appropriate member of the Cabinet where required.
- 4.40 To notify the Chief Finance Officer of outstanding income relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Chief Finance Officer and not later than 15 April.

Ordering and paying for work, goods and services

- 4.41 Public money should be spent with demonstrable probity and in accordance with the authority's policies. Authorities have a statutory duty to achieve best value in part through economy and efficiency. The authority's procedures should help to ensure that services obtain value for money from their purchasing arrangements. Regard shall be had at all times to the Council's procurement strategy. These procedures should be read in conjunction with the authority's Contract Procedure Rules ~~on tenders and contracts~~.

General

- 4.42 Every officer and member of the authority has a responsibility to declare any links or personal interests that they may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the authority, in accordance with appropriate codes of conduct. Official orders must be in a form approved by the Chief Finance Officer. Official orders must be issued for all works, goods or services to be supplied to the authority, except for supplies of utilities, stationery ordered over the internet in line with the contract for such, purchases made in accordance with the purchasing card scheme, periodic payments such as rent or rates, petty cash purchases or other exceptions specified by the Chief Finance Officer.
- 4.43 Each order must conform to the guidelines approved by the Council on central purchasing and the standardisation of supplies and materials. Standard terms and conditions must not be varied without the prior approval of the Chief Finance Officer.
- 4.44 ~~Apart from petty cash~~ The normal method of payment from the authority shall be by BACS, CHAPS, ~~or credit card~~ or cheque, drawn on the authority's bank account by the Chief Finance Officer. The use of direct debit shall require the prior agreement of the Chief Finance Officer.
- 4.45 Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of authority contracts.

Key controls

- 4.46 The key controls for ordering and paying for works, goods and services are:
- (a) all works, goods and services are ordered only by appropriate persons and are correctly recorded
 - (b) all works, goods and services shall be ordered in accordance with the authority's ~~code of practice for tenders and contracts~~ Contract Procedure Rules unless they are purchased from sources within the authority
 - (c) works, goods and services received are checked to ensure they are in accordance with the approved order. Goods should not be received by the person who placed the order
 - (d) payments are not made unless goods have been received by the authority to the correct price, quantity and quality standards
 - (e) all payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method
 - (f) all appropriate evidence of the transaction and payment documents are retained and stored for the defined period, in accordance with the document retention schedule all expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected
 - (g) in addition, the effect of e-business/e-commerce and electronic purchasing requires that processes are in place to maintain the security and integrity of data for transacting business electronically.

Responsibilities of the Chief Finance Officer

- 4.47 To ensure that all the authority's financial systems and procedures are sound and properly administered.
- 4.48 To approve any changes to existing financial systems and to approve any new systems before they are introduced.
- 4.49 To approve the form of official orders and associated terms and conditions.
- 4.50 To make payments from the authority's funds on the member of the Leadership Team's authorisation that the expenditure has been duly incurred in accordance with financial procedure rules.
- 4.51 To make payments, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a court order.
- 4.52 To make payments to contractors on the certificate of the appropriate member of the Leadership Team, which must include details of the value of work, retention money, amounts previously certified and amounts now certified.
- 4.53 To provide advice and encouragement on making payments by the most economical means.
- 4.54 To ensure that a budgetary control system is established that enables commitments incurred by placing orders to be shown against the appropriate budget allocation so that they can be taken into

account in budget monitoring reports.

Responsibilities of members of the Leadership Team

- 4.55 To ensure that unique official orders are used for all **works**, goods and services, other than the exceptions specified in 4.432.
- 4.56 To ensure that orders are only used for **works**, goods and services provided to the service area. Individuals must not use official orders to obtain **works**, goods or services for their private use.
- 4.57 To ensure that only those staff authorised by him or her place orders and to maintain an up-to-date list of such authorised staff. The authoriser of the order should be satisfied that the **works**, goods and services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary. Best value principles should underpin the authority's approach to procurement. Value for money should always be achieved.
- 4.58 To ensure that **works**, goods and services are checked on receipt to verify that they are in accordance with the order. This check should, where possible, be carried out by a different officer from the person who authorised the order. Appropriate entries should then be made in inventories or stores records.
- 4.59 To ensure that payment is not made unless a proper VAT invoice has been received, checked, coded and certified for payment, confirming:
- (a) receipt of goods or services
 - (b) that the invoice has not previously been paid
 - (c) that expenditure has been properly incurred and is within budget provision
 - (d) that prices and arithmetic are correct and accord with quotations, tenders, contracts or catalogue prices
 - (e) correct accounting treatment of tax
 - (f) that the invoice is correctly coded
 - (g) that discounts have been taken where available
 - (h) that appropriate entries will be made in accounting records.
- 4.60 To ensure that two authorised members of staff are involved in the ordering, receiving and payment process. If possible, a different officer from the person who placed the order, and in every case, a different officer from the person checking a **written an internal** invoice, should authorise the invoice.
- 4.61 To ensure that the service area maintains and reviews periodically a list of staff approved to authorise invoices. Names of authorising officers together with specimen signatures and details of the limits of their authority shall be forwarded to the Chief Finance Officer.
- 4.62 To ensure that where payments are to be made on a photocopied or faxed invoice, the invoice is certified by the Chief Finance Officer or some other officer authorised by the Chief Finance Officer.
- 4.63 To encourage suppliers of **works**, goods and services to receive payment by the most economical means for the authority, generally BACS. It is essential, however, that payments made by direct debit have the

prior approval of the Chief Finance Officer.

- 4.64 To ensure that the service area obtains best value from purchases by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality, with regard to the best practice guidelines issued by the Monitoring Officer, which are in line with best value principles and contained in the authority's Contract Procedure Rules.
- 4.65 To utilise the central purchasing procedures established by the Monitoring Officer in putting purchases, where appropriate, out to competitive quotation or tender. These will comply with the authority's Contract Procedure Rules and will cover:
- (a) authorised officers and the extent of their authority
 - (b) advertisement for tenders
 - (c) selection of tenderers
 - (d) compliance with UK and EC legislation and regulations
 - (e) procedures for the submission, receipt, opening and recording of tenders
 - (f) the circumstances where financial or technical evaluation is necessary
 - (g) procedures for negotiation
 - (h) acceptance of tenders
 - (i) the form of contract documentation
 - (j) cancellation clauses in the event of corruption or bribery
 - (k) contract records
- 4.66 To ensure that employees are aware of the national code of conduct for local government employees (summarised in the procedures and conditions of employment manual).
- 4.67 To ensure that loans, leasing or rental arrangements are not entered into without prior agreement from the Chief Finance Officer. This is to protect the authority against entering into unapproved credit arrangements and to ensure that value for money is being obtained.
- 4.68 To notify the Chief Finance Officer of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Chief Finance Officer and, in any case, not later than 15 April.
- 4.69 With regard to contracts for construction and alterations to buildings and for civil engineering works, to document and agree with the Chief Finance Officer the systems and procedures to be adopted in relation to financial aspects, including certification of interim and final payments, checking, recording and authorising payments, the system for monitoring and controlling capital schemes and the procedures for validation of subcontractors' tax status.
- 4.70 To notify the Chief Finance Officer immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.
- 4.71 To ensure that all appropriate payment records are retained and stored for the defined period, in accordance with the document retention schedule.

Payments to employees and members

Why is this important?

- 4.72 Staff costs are the largest item of expenditure for most authority services. It is therefore important that payments are accurate, timely, made only where they are due for services to the authority 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 authorised in accordance with the scheme adopted by the Council.

Key controls

- 4.73 The key controls for payments to employees and members are:
- (a) proper authorisation procedures are in place and that there is adherence to corporate timetables in relation to:
 - starters
 - leavers
 - variations
 - (b) enhancements and that payments are made on the basis of timesheets or claims frequent reconciliation of payroll expenditure against approved budget and bank account
 - (c) all appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule and GDPR
 - (d) that HM Revenue and Customs regulations are complied with.

Joint Responsibilities of the Chief Finance Officer and Monitoring Officer

- 4.74 To arrange and control secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees, in accordance with procedures prescribed by him or her, on the due date.
- 4.75 To record and make arrangements for the accurate and timely payment of tax, superannuation and other deductions.
- 4.76 To make arrangements for payment of all travel and subsistence claims or financial loss allowance.
- 4.77 To make arrangements for paying members travel or other allowances upon receiving the prescribed form, duly completed and authorised.
- 4.78 To ensure that all salaries and wages are paid monthly by BACS, this being the most economical means.
- 4.79 To ensure that there are adequate arrangements for administering superannuation matters on a day-to-day basis.

Responsibilities of members of the Leadership Team

- 4.80 To ensure appointments are made in accordance with the procedure rules of the authority and approved establishments, grades and scale of pay and that adequate budget provision is available.

- 4.81 To notify the Chief Finance Officer and Monitoring Officer of all appointments, terminations or variations which may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the Chief Finance Officer and Monitoring Officer.
- 4.82 To ensure that adequate and effective systems and procedures are operated, so that:
- payments are only authorised to bona fide employees
 - payments are only made where there is a valid entitlement
 - potential redundancy liabilities on short term posts are considered
 - conditions and contracts of employment are correctly applied
 - employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness.
- 4.83 To send an up-to-date list of the names of officers authorised to sign records to the Chief Finance Officer, together with specimen signatures.
- 4.84 To ensure that payroll transactions are processed only through the payroll system. Members of the Leadership Team should give careful consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis. The HM Revenue and Customs applies a tight definition for employee status, and in cases of doubt, advice should be sought from the Chief Finance Officer and Monitoring Officer.
- 4.85 To certify travel and subsistence claims and other allowances. Certification is taken to mean that journeys were authorised and expenses properly and necessarily incurred, and that allowances are properly payable by the authority, ensuring that cost-effective use of travel arrangements is achieved. Due consideration should be given to tax implications and that the Chief Finance Officer and Monitoring Officer are informed where appropriate.
- 4.86 To ensure that the Chief Finance Officer and Monitoring Officer are notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax self-assessment system.
- 4.87 To ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule.

Responsibilities of members

- 4.88 To submit claims for members' travel and subsistence allowances on a monthly basis and, in any event, within one month of the year end.

TAXATION

Why is this important?

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

4.90 The key controls for taxation are:

- (a) budget managers are provided with relevant information and kept up to date on tax issues
- (b) budget managers are instructed on required record keeping
- (c) all taxable transactions are identified, properly carried out and accounted for within stipulated timescales
- (d) records are maintained in accordance with instructions
- (e) returns are made to the appropriate authorities within the stipulated timescale.

Responsibilities of the Chief Finance Officer

4.91 To complete all HM Revenue and Customs returns regarding PAYE.

4.92 To complete a monthly return of VAT inputs and outputs to HM Revenue and Customs.

4.93 To provide details to the HM Revenue and Customs regarding the construction industry tax deduction scheme.

4.94 To maintain up-to-date guidance for authority employees on taxation issues in the accounting manual and the tax manual.

Responsibilities of the members of the Leadership Team

4.95 To ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HM Revenue and Customs regulations.

4.96 To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements.

4.97 To ensure that all persons employed by the authority are added to the authority's payroll and tax deducted from any payments, except where the individuals are bona fide self-employed or are employed by a recognised staff agency.

4.98 To follow the guidance on taxation issued by the Chief Finance Officer in the authority's accounting manual and VAT manual

Appendix E External Arrangements

PARTNERSHIPS

Why is this important?

- 5.1 Partnerships are likely to play a key role in delivering community strategies and in helping to promote and improve the well-being of the area. Local authorities are working in partnership with others – public agencies, private companies, community groups and voluntary organisations. Local authorities still deliver some services, but their distinctive leadership role is to bring together the contributions of the various stakeholders. They therefore need to deliver a shared vision of services based on user wishes.
- 5.2 Local authorities will mobilise investment, bid for funds, champion the needs of their areas and harness the energies of local people and community organisations. Local authorities will be measured by what they achieve in partnership with others.

General

- 5.3 The main reasons for entering into a partnership are:
- (a) the desire to find new ways to share risk
 - (b) the ability to access new resources
 - (c) to provide new and better ways of delivering services
 - (d) to forge new relationships.
- 5.4 A partner is defined as either:
- (a) an organisation (private or public) undertaking, part funding or participating as a beneficiary in a project
- or
- (b) a body whose nature or status give it a right or obligation to support the project.
- 5.5 Partners participate in projects by:
- (a) acting as a project deliverer or sponsor, solely or in concert with others
 - (b) acting as a project funder or part funder
 - (c) being the beneficiary group of the activity undertaken in a project.
 - (d) Partners have common responsibilities:
 - to be willing to take on a role in the broader programme appropriate to the skills and resources of the partner organisation
 - to act in good faith at all times and in the best interests of the partnership's aims and objectives
 - be open about any conflict of interests that might arise
 - to encourage joint working and promote the sharing of information, resources and skills between public, private and community sectors
 - (e) to hold confidentially any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature
 - (f) to act wherever possible as ambassadors for the project.

Key controls

5.6 The key controls for authority partners are:

- (a) if appropriate, to be aware of their responsibilities under the authority's financial and contract procedure rules
- (b) to ensure that risk management processes are in place to identify and assess all known risks
- (c) to ensure that project appraisal processes are in place to assess the viability of the project in terms of resources, staffing and expertise
- (d) to agree and accept formally the roles and responsibilities of each of the partners involved in the project before the project commences
- (e) to communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.

Responsibilities of the Chief Finance Officer

5.7 To advise on effective controls that will ensure that resources are not wasted.

5.8 To advise on the key elements of funding a project. They include:

- (a) a scheme appraisal for financial viability in both the current and future years
- (b) risk appraisal and management
- (c) resourcing, including taxation issues
- (d) audit, security and control requirements
- (e) carry-forward arrangements.

5.9 To ensure that the accounting arrangements are satisfactory.

Responsibilities of members of the Leadership Team

5.10 To maintain a register of all contracts entered into with external bodies in accordance with procedures specified by the Chief Finance Officer.

5.11 To ensure that, before entering into agreements with external bodies, a risk management appraisal has been prepared for the Chief Finance Officer.

5.12 To ensure that such agreements and arrangements do not impact adversely upon the services provided by the authority.

5.13 To ensure that all agreements and arrangements are properly documented.

5.14 To provide appropriate information to the Chief Finance Officer to enable a note to be entered into the authority's statement of accounts concerning material items.

EXTERNAL FUNDING

Why is this important?

- 5.15 External funding is potentially a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the authority. Local authorities are increasingly encouraged to provide seamless service delivery through working closely with other agencies and private service providers. Funds from external agencies such as the National Lottery and the single regeneration budget provide additional resources to enable the authority to deliver services to the local community. However, in some instances, although the scope for external funding has increased, such funding is linked to tight specifications and may not be flexible enough to link to the authority's overall plan.

Key controls

- 5.16 The key controls for external funding are:
- (a) to ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood
 - (b) to ensure that funds are acquired only to meet the priorities approved in the policy framework by the Council
 - (c) to ensure that any match-funding requirements are given due consideration prior to entering into long-term agreements and that future revenue budgets reflect these requirements.

Responsibilities of the Chief Finance Officer

- 5.17 To ensure that all funding notified by external bodies is received and properly recorded in the authority's accounts.
- 5.18 To ensure that the match-funding requirements are considered prior to entering into the agreements and that future revenue budgets reflect these requirements.
- 5.19 To ensure that audit requirements are met.

Responsibilities of members of the Leadership Team

- 5.20 **To ensure all internal and external guidance on external funding is followed and** that all claims for funds are made by the due date.
- 5.21 To ensure that the project progresses in accordance with the agreed project and that all expenditure is properly incurred and recorded.

WORK FOR THIRD PARTIES

Why is this important?

- 5.22 Current legislation enables the authority to provide a range of services to other bodies. Such work may enable a service area to maintain economies of scale and existing expertise. Arrangements should be in place to ensure that any risks associated with this work are minimised and that such work is intravires.

Key controls

- 5.23 The key controls for working with third parties are:
- (a) to ensure that proposals are costed properly in accordance with guidance provided by the Chief Finance Officer
 - (b) to ensure that contracts are drawn up using guidance provided by the Chief Finance Officer and that the formal approvals process is adhered to
 - (c) to issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

Responsibilities of Chief Finance Officer

- 5.24 To issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

Responsibilities of members of the Leadership Team

- 5.25 To ensure that the approval of the Cabinet is obtained before any negotiations are concluded to work for third parties.
- 5.26 To maintain a register of all contracts entered into with third parties in accordance with procedures specified by the Chief Finance Officer.
- 5.27 To ensure that appropriate insurance arrangements are made.
- 5.28 To ensure that the authority is not put at risk from any bad debts.
- 5.29 To ensure that no contract is subsidised by the authority.
- 5.30 To ensure that, wherever possible, payment is received in advance of the delivery of the service.
- 5.31 To ensure that the service area/unit has the appropriate expertise to undertake the contract.
- 5.32 To ensure that such contracts do not impact adversely upon the services provided for the authority.
- 5.33 To ensure that all contracts are properly documented.
- 5.34 To provide appropriate information to the Chief Finance Officer to enable a note to be entered into the statement of accounts.

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Contract Procedure Rules

Cabinet Member for Regulatory, Housing & Health

Cabinet Member for Finance, Procurement and Revenues & Benefits



Date:	12 October 2021
Agenda Item:	16
Contact Officer:	Christie Tims / Anthony Thomas / Clair Johnson
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Key Decision?	No
Local Ward Members	Full Council

Council

1. Executive Summary

- 1.1 Lichfield District Council's Contract Procedure Rules set out the contract and procurement governance arrangements for the Council. They contain the various activities needed in order to establish compliant contracting arrangements and articulate the increasing number of legal, regulatory and governance requirements in a single document to assist users.
- 1.2 The Contract Procedure Rules form part of the Council's Constitution. They apply to every Member and Officer of the Council, and to anyone acting on the Council's behalf.
- 1.3 The Contract Procedure Rules haven't been updated for a number of years and in the intervening years the Council has seen changes itself, there have been updates in relation to procurement and contracting regulations and an in-house Procurement Team has been established.
- 1.4 The Procurement Strategy was approved by Cabinet on 1 December 2020 and the primary focus is on sustainable procurement. The overarching aim is to deliver the Council's Strategic objectives and best value through a straightforward, professional and focussed approach to procurement.
- 1.5 The Procurement Strategy and its related Action Plan therefore included a task to ensure the procurement elements of the Contract Procedure Rules remain fit for purpose. It was therefore considered that now was an appropriate time for a thorough review of the Rules. A revised set of Contract Procedure Rules can be found at **Appendix A**.

2. Recommendations

- Council approves the revised Contract Procedure Rules shown at **Appendix A** for inclusion in the Constitution.

3. Background

What are the Contract Procedure Rules and why are they important?

- 3.1. The Contract Procedure Rules (CPRs) form part of the governance arrangements of the Council and are the rules set by the Council to regulate its internal procedures for the conduct of procurement and contracting activities.
- 3.2. It is vital that procurement and contracting activities are undertaken to ensure that the Council is meeting its legislative obligations as well as delivery value for money outcomes. The purpose of the CPRs is to ensure that all procurement and contracting activities are undertaken in line with legislation and best practice.
- 3.3. The CPRs are in place to protect both the interests of the Council and all those who are involved with carrying out procurement and contracting administration.
- 3.4. The CPRs therefore set out the procedures for procurement and contracting activity within the Council. They include:
 - When they must be applied
 - Pre-Procurement activities
 - Procurement pathways
 - Contract award activities
 - Scheme of delegation
 - Public Contract Regulations 2015 compliance
- 3.5. The CPRs, attached at **Appendix A**, are based on a best practice version as suggested by Chartered Institute of Public Finance and Accountancy (CIPFA) which has then been reviewed and updated to reflect the needs of the Council and recent guidance from central government.
- 3.6. The CPRs should not be seen in isolation, but rather as part of the overall regulatory framework of the Council as set out in the Constitution. They will underpin and complement the directorate procedures.

Who do the Contract Procedure Rules apply to?

- 3.7. CPRs apply to everyone involved in undertaking procurement and contracting activities on behalf of the Council. This includes all employees who procure goods, services or works on behalf of the Council or other bodies where the Council is the lead or accountable body, including the Joint Waste Service with Tamworth Borough Council and the Southern Staffordshire Building Control Partnership whereby Lichfield acts as the lead council.
- 3.8. All Members and Officers have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value.
- 3.9. The current CPRs fall under the responsibility of the Head of Governance and Performance (Monitoring Officer). With the presence of the in-house Procurement Team reporting into the Head of Finance & Procurement (S151 Officer), the new CRPs have been drafted to move this responsibility to the Head of Finance & Procurement (S151 Officer) to reflect these reporting lines.
- 3.10. The Head of Finance & Procurement (S151 Officer) will be responsible for reporting, where appropriate, any breaches of the new CPRs. Any ambiguity arising from the interpretation of these Rules shall be settled by the Head of Finance & Procurement (S151 Officer) in the first instance and then the Monitoring Officer if required.
- 3.11. There is a waiver or exception process that can be followed where it is not practicable to adhere to CPRs. However, the waiver or exception cannot be applied to procurements likely to exceed the Public Contract Regulations 2015 thresholds or would place the Council in breach of the law with respect to procurement. The Head of Finance & Procurement (S151 Officer) will report on waivers granted under the new CPRs on an annual basis.

Contract Procedure Rules Review Process

- 3.12. The Procurement Strategy was approved by Cabinet on 1 December 2020 and the primary focus is on sustainable procurement. The overarching aim is to deliver the Council's Strategic objectives and best value through a straightforward, professional and focussed approach to procurement:
- **Straightforward:** to eliminate unnecessary burdens arising from the procurement and to make procurement and payment processes more effective through e-procurement;
 - **Professional:** to ensure procurement and contract management skills are well embedded and distributed across the Council.
 - **Focused:** to use sound procurement practices and innovative procurement solutions to promote sustainability and best practice, in particular supporting the best use of resources agenda and making use of collaboration and partnership opportunities.
- 3.13. The Procurement Strategy and its related Action Plan therefore included a task to ensure the procurement elements of the Contract Procedure Rules remain fit for purpose.
- 3.14. The timing is also significant in that the Finance Procedure Rules have also recently undergone a thorough review.
- 3.15. For the review of the Contract Procure Rules the following process took place:
- An update of any administrative changes, for instance removal of references to Directors
 - Consultation with officers:
 - Monitoring Officer
 - Leadership Team
 - Principal Auditor
 - Governance Manager
 - Governance Officer
 - Insurance Manager
 - Health & Safety Manager
 - Selection of Officers who have been involved in procurement activities in the past 6 months

Summary of Changes

- 3.16. **Thresholds** - the new CPRs change the thresholds at which different procurement activities are undertaken as well as the inclusion of additional objectives which need to be considered. These changes in particular support the aim of eliminating unnecessary burdens as well as using sound procurement practices.
- 3.17. Analysis from spend data in 2019/2020 shows that 91% of purchase orders raised were for below £10,000 which represented 23% of total spend. By amending the minimum procurement activity to be undertaken at this level we will reduce the burden on Officers whilst still achieving value for money purchases. **Appendix B** details this analysis further.

3.18. A summary is provided below:

Current CPRs		New Proposed CPRs	
Under £1,000	Use FWA or Best Value	Under £1,000	Seek Value for Money
£1,000 - £75,000	Use FWA or 3 quotations	£1,000 - £9,999	2 quotations or use of other approaches as listed
£1,000 - £75,000	Use FWA or 3 quotations	£10,000 - £74,999	Corporate Contact > FWA/DPS > RFQ Process
£75,000 – PCR2015 Thresholds	Use FWA or 3 Tenders	£75,000 – PCR2015 Thresholds	Corporate Contact > FWA/DPS > ITT Process
Above PCR2015 Thresholds	PCR2015 Procedures	Above PCR2015 Thresholds	Corporate Contact > FWA/DPS > PCR2015 Procedures

Key:

FWA – Framework Agreement (an overarching contractual arrangement established by a third-party such as Crown Commercial Services or Eastern Shires Purchasing Organisation that can be used by the Council to establish its own contract.

DPS – Dynamic Purchasing System (similar to a FWA but new suppliers can join the DPS during its term)

3.19. **Advertising** – the new CPRs include the move towards advertising opportunities where we are running our own procurement activity (such as an RFQ or ITT process). This will open up opportunities to a wider supplier base – including locally based suppliers in line with our Procurement Strategy aim of improving “the visibility of procurement opportunities and improve engagement with local suppliers”.

3.20. **Administration** – the new CPRs introduce clear administrative pathways including a Procurement Initial Plan (used at pre-procurement stage) and detailed approval pathways (used at pre-procurement and contract award stages) to ensure that all relevant aspects of the CPRs and Procurement Strategy are being met. The Procurement Strategy Action Plan includes the development and publication of a fully populated forward looking procurement plan.

Future Policies

3.21. In line with the Procurement Strategy Action Plan task to recognised and embed social value and developing environmental sustainability criteria, the new CPRs include references to a number of policies that have yet to be completed:

- Social Value Policy – including training, skills, education, local supply chains etc.
- Sustainable Procurement Policy – including climate change and environmentally responsible sourcing
- Think Local Policy – including encouraging locally based suppliers to engage in procurement activities

These will be part of the work carried out by the Member Task Group in winter 2021. Once they have been approved, the CPRs will be updated and communications shared with Officers.

Training & Communication

3.22. In line with the Procurement Strategy Action Plan task of enhancing procurement knowledge across the Council, a training and communication plan will be developed in order to ensure that when the new CPRs come into force, Officers are best placed to understand and work in accordance with them and the Procurement Team.

Date for Incorporation into the Constitution

3.23. To enable the above training and communication work to be undertaken it is planned that the new CPRs will come into force no earlier than 1st January 2022.

Alternative Options	Maintain the current version of the Contract Procedures Rules – this would leave the Council at risk of non-compliance to regulations and best practice updates
Consultation	<p>Consultation has taken place with appropriate Officers within the Council and feedback taken into consideration in the final draft CPRs.</p> <p>The Audit & Member Standards Committee (22/09/2021) have reviewed the proposed new CPRs at Appendix A and their feedback has been taken into consideration and the following changes made:</p> <p>D5.8 – insertion of direction to not deliberately underestimate the potential value of a contract in order to use a different Procurement Pathway added</p> <p>D19.1 – reference to the Sustainability Procurement Policy not having been developed yet included</p> <p>Appendix 5 – inclusion of reference than an annual report on the waivers issued will be brought to the Audit & Member Standards Committee on an annual basis (as is the current practice) by the S151 Officer.</p>
Financial Implications	The updated Contract Procedure Rules include a number of updates that will help support the letting of contracts that meet value for money objectives as well as other priorities such as social value, sustainability and using local suppliers. The move towards a planned procurement approach will enable opportunities to obtain cashable and non-cashable savings.
Approved by Section 151 Officer	Yes
Legal Implications	The new Contract Procedure Rules will enable the Council to act in line with current legislation and best practice.
Approved by Monitoring Officer	Yes
Contribution to the Delivery of the Strategic Plan	An up to date set of Contract Procedure Rules will enable us to target our resources to the priorities set out in the Strategic Plan 2020-24.
Equality, Diversity and Human Rights Implications	The new Contract Procedure Rules include reference to the Council’s Modern Slavery and Human Trafficking Statement as well as how to ensure our suppliers are working in line with the Modern Slavery Act.
Crime & Safety Issues	There are no Crime and Community Safety Issues.

Environmental Impact	The new Contract Procedure Rules include reference to the Council's future Sustainable Procurement Policy.
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GDPR/Privacy Impact Assessment	There are no specific implications.
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	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
A	<p>The Council does not have in place an approved set of Contract Procedure Rules that have been created in line with best practice or updated to reflect legislative changes.</p> <p>Head of Finance & Procurement (S151 Officer)</p>	<p>Likelihood: Red Impact: Yellow Severity: Red</p>	<p>The Procurement Manger has produced a set of Contract Procedure Rules based on best practice and these form part of the Council's Constitution. These have been reviewed and updated to reflect current needs of Governance and Internal Control Processes, for approval by this Committee and then by Full Council.</p>	<p>Likelihood: Green Impact: Green Severity: Green</p>
B	<p>The Council is at risk of legal challenge relating to procurement and contracting activity.</p> <p>Head of Finance & Procurement (S151 Officer)</p>	<p>Likelihood: Yellow Impact: Red Severity: Red</p>	<p>The Procurement Manger has produced a set of Contract Procedure Rules based on best practice and these form part of the Council's Constitution. These have been reviewed and updated to reflect current needs of Governance and Internal Control Processes, for approval by this Committee and then by Full Council.</p>	<p>Likelihood: Green Impact: Red Severity: Yellow</p>

Background documents	Contract Procedure Rules (current version)
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Relevant web links	
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Lichfield District Council Contract Procedure Rules

Version Control			
Version	Author	Date	Changes
8.2	Clair Johnson	24/09/2021	Updated following A&MS Committee review; changes to D5.8, D19.1 and Appendix 5 (5.1) made. D15.3/15.4 updated in relation to Safeguarding and DPO.

Document Control			
Title	Contract Procedures Rules	Author	Clair Johnson (Procurement Manager)
Version	TBC	Document Status	TBC
Date Approved	TBC	Approved By	TBC
Superseded Version	TBC	Date of Next Review	TBC

Notes to the Reader:

- This document includes an active Table of Contents – by pressing the CTRL button on your keyboard and clicking on a heading you will be taken to that page automatically.
- This document includes cross-references (in [blue](#)) that will take you to specific sections of the document.
- Words with capital letters have definitions included within the glossary at the start of the document.
- This document includes reference to a small number of policies that are currently under development and as such may not have been formally approved by the time these Contract Procedure Rules (CPRs) are approved. Once they have been formally approved these CPRs will be updated and the policies shared with Officers via the Council's Intranet (Brian). Until they have been approved they are not applicable.

<INSERT DATE OF PUBLICATION>

DRAFT

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GLOSSARY

Appendices	The appendices to these Contract Procedure Rules (CPRs).
Approval Pathways	The approval pathways set out at Appendix 1 Approval Pathways .
Area	The administrative area of Lichfield District Council.
Best Value	The Council's duty to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness in accordance with section 3(1) of the Local Government Act 1999 and associated statutory guidance. Synonymous with Value for Money.
Brian Council's Intranet	The Council's intranet website accessible to employees and Council Members.
Cabinet Member	A Council Member who is part of the Cabinet.
Conflict of Interest	A set of circumstances that creates a risk that an individual's ability to apply judgement or act in one role is, or could be, impaired or influenced by a secondary interest.
Contract	An agreement to supply goods/services/works formed when there is an offer by one party and an acceptance of that offer by a second party.
Contract Award Notice	A notice submitted to Contracts Finder or the FTS service to advise interested parties that a Contract has been awarded by the buyer to a named supplier(s).
Contract Notice	A notice submitted to Contracts Finder or the FTS service to advise interested parties of the intention of the buyer to go to market to buy goods/services/works.
Contract Register	The Council's repository for all its current Contracts located in the Council's e-tendering system and published on the Website.
Contracts Finder	The UK Government's website which is used to place notices relating to early engagement, opportunities and contract awards in line with the Regulations.
Corporate Contract	The Council will, at any one time, have a number of Contracts in place that can be used by all departments to provide a variety of goods, services and works. For example, stationery and office supplies, scanning services, window cleaning etc. You can find a list of these on the Contract Register or by checking with the Procurement Team. You MUST speak to the relevant contract manager for the Corporate Contract before using it to make sure you follow the correct process and the overall spend through the Contract does not breach any thresholds.
Council	Lichfield District Council.

Council Members	The elected councillors who sit on Full Council.
CPRs	These Contract Procedure Rules (including the Appendices).
Dynamic Purchasing System (DPS)	This is similar to a Framework Agreement in that it establishes an agreement with a number of suppliers attached; in contrast to a Framework Agreement it remains open during the term for any supplier to join that meets minimum requirements.
EIR	Environmental Information Regulations 2004.
Financial Procedure Rules	The Council's Financial Procedure Rules, found at Part 4 of the Constitution.
Find A Tender Service (FTS)	The UK Government's website which is used to place notices relating to early engagement, opportunities and contract awards in line with the Regulations. The FTS Service replaced the OJEU service for publishing notices in connection with above PCR2015 Threshold procurement activities.
FOIA	The Freedom of Information Act 2000.
Forward Plan	A list of council decisions for forthcoming months which can be found on the public website.
Framework Agreement	An 'umbrella' agreement that sets out the prices, service levels, and terms and conditions for subsequent call-off orders. See section C5 for further details.
Future Procurement Plan	The Council's published list of future procurement activities found on the Website. The intention is to highlight to potential suppliers forthcoming opportunities. This is a statutory requirement under the Local Government Transparency Code.
General Principles	The General Principles set out at section A2 .
Invitation to Tender (ITT)	The invitation to tender is a set of documents provided to suppliers against which they provide a Tender Submission.
Light Touch Regime (LTR)	The Light-Touch Regime is a specific set of rules for the procurement of certain services that tend to be of lower interest to cross-border providers. It includes certain social, health and education services. The list of services to which LTR applies is covered in section C4 .
Local Locally	Within the Area.
Local Authority Controlled Company	Where a contracting authority sets up a separate legal entity and then awards contracts to that legal entity.
Most Economically	Awarding a Contract for goods/services/works based on a combination of overall cost and quality elements, not just cost alone.

Advantageous Tender (MEAT)	
Officer	Employee of the Council.
PCR2015 Threshold(s)	The financial thresholds detailed within the PCR2015 Regulations and updated from time to time by the Government. See Appendix 3 Procurement Thresholds & Timescales for further details.
Quote Quotation	The response to a request for quotation or a Request for Quotation.
Regulations	The Public Contract Regulations 2015 as updated by the Public Procurement (EU Exit) Regulations 2020 and any other related amendments.
Request for Quotation (RFQ)	A formal procedure to request pricing and/or quality bid from a supplier for goods, services or works below £75,000. Similar to an Invitation to Tender but in a shorter format.
Residents	Means residents of the Area.
Selection Questionnaire (SQ)	A questionnaire used in certain procurement procedures which allows the Council to shortlist the number of suppliers to be invited to tender. Above the PCR2015 Threshold this MUST reflect the Cabinet Office standard Selection Questionnaire and associated guidance. A Selection Questionnaire is NOT permitted for procurement activities valued between £25,000 and the Goods/Services PCR2015 Threshold (see section E4 for further details). Previously this was known as a pre-qualification questionnaire.
Social Value	Described in the Social Value Act as improvements to the economic, social and/or environmental well-being of the Area. The benefits sought could be in the form of social benefits (for example reducing anti-social behaviour), economic benefits (for example increasing local employment), or environmental benefits (for example reducing local congestion).
Social Value Act	The Public Services (Social Value) Act 2012, which requires the Council to consider, pre-procurement, how what it procures might improve the economic, social and environmental well-being of the Area, and how best to use the procurement process to secure that improvement. There is also a duty to consider whether to undertake any consultation in making its decisions.
Standstill Period	A Mandatory 10-day period which MUST be applied to above PCR2015 Threshold procurement activities between the notification to suppliers of the decision to award the Contract and the date of signing/entering into the Contract. The period is intended to give unsuccessful tenderers the opportunity to challenge the award if they wish. The period is longer if notifications are not sent electronically.

Submission	A Tender Submission, Quote or Quotation.
Tender Submission	The response provided by a supplier in relation to an Invitation to Tender.
Think Local¹	The Council's policy to encourage the engagement of Local suppliers in procurement activities.
Third-Party Framework Agreement	An 'umbrella' agreement that sets out the prices, service levels, and terms and conditions for subsequent call-off orders that has been established by a third party organisation such as CCS, ESPO, YPO and is accessible to other public sector bodies to use.
TUPE	The Transfer of Undertakings (Protection of Employment) Regulations 2006. Legislation which protects employment rights of those whose job will be transferred to a new employer upon change of contractor by award of a Contract.
Value for Money (VFM)	The optimum combination of whole-of-life costs and quality (or fitness for purpose) of the goods, works or Services to meet the Council's requirement.
VAT	Value Added Tax.
Website	The Council's public website www.lichfielddc.gov.uk

¹ The Think Local Policy is pending approval – until it has been approved by the relevant committees it is not in force.

Section A. Introduction

A1. Mandatory Compliance

A1.1 Officers **MUST** comply with these Contract Procedure Rules in all instances when buying² goods, services and works on behalf of the Council and failure to comply may result in disciplinary procedures.

A2. General Principles

A2.1 These Contract Procedure Rules (“CPRs”) provide the framework that governs the Council’s procurement of Contracts for goods, services and works.

A2.2 Following these CPRs helps the Council to demonstrate:

A2.2.1 good internal governance;

A2.2.2 stewardship and the proper spending of public monies;

A2.2.3 value for money outcomes; and

A2.2.4 compliance with relevant laws.

A2.3 The purpose of all procurement activity is to:

A2.3.1 achieve Value for Money for the Council and the Residents;

A2.3.2 seek continuous improvement of the Council’s functions having regard to the optimum combination of economy, efficiency and effectiveness in keeping with the Council’s duty to seek Best Value (and Value for Money);

A2.3.3 promote the well-being of the Council’s Residents and Area through the effective functioning of the Council, the efficient use of the Council’s resources, and a focus on the Social Value that can be achieved.

A2.4 The Appendices to these CPRs provide further detail and form part of these CPRs as if they were drafted as one document. Any questions about the application of these CPRs should be directed to the Head of Finance & Procurement (S151 Officer) and/or the Procurement Manager.

A2.5 All figures in these CPRs are exclusive of VAT unless stated otherwise.

A2.6 Heads of Service **MUST**:

A2.6.1 ensure that these CPRs are followed;

A2.6.2 ensure that audit trails are in place for all procurement activity in accordance with these CPRs.

A3. When these CPRs apply

A3.1 These CPRs apply:

A3.1.1 whenever the Council intends to spend money (or provide other payments in kind) under Contracts for goods, services or works;

A3.1.2 to expenditure from either capital or revenue sources;

² Buying, in addition to situations where the Council pays another party in return for goods, services and / or works, can include situations where the Council provides the opportunity for another party to make a profit from goods, services, and / or works even when the Council does not contribute towards them (for more details see [section C9](#)).

- A3.1.3 to concession contracts³ (for further info, speak to the Procurement Team);
 - A3.1.4 to spending of grants⁴ (for further info, speak to the Procurement Team);
 - A3.1.5 to goods for re-sale;
 - A3.1.6 to both Officers and Council Members;
 - A3.1.7 to all bodies where the Council acts as the lead authority.
- A3.2 These CPRs do not apply:
- A3.2.1 to contracts of employment;
 - A3.2.2 to the awarding of grants (for further info, speak to the relevant team's Head of Service)
 - A3.2.3 to acquisitions and disposals of land or buildings (these are covered by the Financial Procedure Rules and the Disposal of Land & Property Assets document [see Cabinet 7 July 2021]) – unless related to a Contract for works, services or goods;
 - A3.2.4 to the seeking of offers in relation to financial services in connection with the issue, purchase, sale or transfer of securities or other financial instruments, in particular transactions by the Council to raise money or capital, including but not limited to Treasury Management;
 - A3.2.5 to internal agreements between departments within the Council;
 - A3.2.6 in the case of individual investments which are not deemed as the purchase of goods or services for the purposes of the Council's CPR's;
 - A3.2.7 to any type of contract excluded under the Regulations.
- A3.3 In exceptional circumstances only, certain exemptions can be approved by following the process set out at [Appendix 5 Exemption to CPRs](#). The persons who are authorised to approve the exemptions are set out in [Appendix 5 Exemption to CPRs](#). Seeking an exemption of these CPRs does not exempt the Council from complying with the General Principles or with general law.
- A3.4 In the event of any issue arising as to the interpretation of these CPRs the matter will be referred to the Head of Finance & Procurement (S151 Officer) in first instance, and if required, the Monitoring Officer whose decision in that regard shall be final.
- A3.5 The Monitoring Officer, in consultation with the Head of Finance & Procurement (S151 Officer), shall also be authorised to make minor changes to the Contract Procedure Rules designed to reflect legislative changes; to update job title or portfolio changes; to remove any inconsistency or ambiguity and/or give effect to any decisions of the Council. The Head of Finance & Procurement (S151 Officer) in consultation with the Monitoring Officer shall also produce guidance and/or protocols to assist in the interpretation of the CPRs.

³ A concession contract is a contract for pecuniary (financial) interest for the execution of works or the provision / management of services by a supplier where the consideration must consist either solely in the right to exploit the services (i.e. to make money from third parties) or in that right together with payment from the procuring body.

⁴ An arrangement will be a grant when one party gives a donation to another party without receiving a benefit in return. The receiving party is not obliged to provide a service. The receiving party can decide not to provide the service but would then have to repay the donation. Further information on grants can be found in the Financial Procedure Rules.

A4. Other Key Documents

A4.1 These CPRs should be read alongside the following:

- A4.1.1 the Council's Procurement Strategy;
- A4.1.2 the Council's Constitution;
- A4.1.3 the Council's Scheme of Delegation;
- A4.1.4 the Council's Financial Procedure Rules;
- A4.1.5 the Council's Social Value Policy;
- A4.1.6 the Local Government Transparency Code;
- A4.1.7 Any policies or guidance issued by Central Government;
- A4.1.8 Any other guidance provided by the Procurement Manager.

A4.2 Anyone undertaking purchasing activity on behalf of the Council (but especially in the context of activities with a value above PCR2015 Thresholds) **MUST** refer to the following documents, where appropriate:

- A4.2.1 the Public Contract Regulations 2015 (as amended);
- A4.2.2 the Public Procurement (EU Exit) Regulations 2020 (as amended);
- A4.2.3 the Concession Contracts Regulations 2016;
- A4.2.4 the Public Services (Social Value) Act 2012;
- A4.2.5 the Bribery Act 2010;
- A4.2.6 the Small Business, Employment and Enterprise Act 2015;
- A4.2.7 the Equalities Act 2012;
- A4.2.8 the Modern Slavery Act 2015;
- A4.2.9 the Data Protection Act 2018;
- A4.2.10 any other relevant legislation.

Section B. Ethics

B1. General

B1.1 Ethics focus on what constitutes right or wrong behaviour. You may come across ethical dilemmas during your work the Council and or during a procurement process.

B2. Codes of Conduct

B2.1 All procurement exercises **MUST** be carried out with openness and transparency and with integrity and fairness to all suppliers.

B2.2 Officers **MUST** conduct themselves in line with the Council's Code of Conduct for Employees including with regards to the receiving of hospitality and gifts and the giving and receiving of sponsorship.

B2.3 Suppliers **MUST** agree to and adhere the Council's Supplier Code of Conduct⁵ – this is included within RFQ/ITT documentation as well as being reference on all Purchase Orders.

B3. Separation of Roles

B3.1 Council Members are the driving force behind policy, strategy and approving the award of contracts over set thresholds. Council Members will not routinely be involved in procurement activity, for example being part of an evaluation panel. Council Members who are privy to confidential information **MUST NOT** disclose that information to any unauthorised party or organisation.

B3.2 Officers involved in the procurement process and dealing with suppliers **MUST** be clear on the separation of client and contractor roles within the Council.

B3.3 Officers who have both a client and contractor responsibility **MUST** be aware of the need for accountability and openness.

B3.4 Officers who are privy to confidential information (for example in Tenders Submissions, Contracts or costs for either internal suppliers **MUST NOT** disclose that information to any unauthorised party or organisation.

B3.5 For further information, see the Council Members' Code of Conduct guidance document and the Council's Code of Conduct for Employees.

B4. Conflicts of Interest

B4.1 Before or during a procurement activity conflicts of interest⁶ (potential, perceived or actual) may occur. It is the responsibility of all Officers, Council Members and third parties involved in a procurement activity to inform the Procurement Manager and or Head of Governance & Performance (Monitoring Officer) as soon as this is identified.

B4.2 Where a conflict (potential, perceived or actual) is identified, it may be decided that the Officer, Member or third party concerned must not take any further part in the procurement process to preserve the integrity of the procedure or a mechanism(s) may be put in place to minimise the any risks if appropriate to do so.

B4.3 For further advice or to report a potential Conflict of Interest contact the Procurement Manager and or Head of Governance & Performance (Monitoring Officer).

⁵ The Supplier Code of Conduct is pending approval – until it has been approved by the relevant bodies it is not in force.

⁶ Examples of conflict of interest include: personal relationship with a member of the supplier's staff (including former Council staff); previously employed by the supplier; holding shares or other financial interest in the supplier.

B5. Corruption

- B5.1 Officers and Council Members **MUST** be aware that it is a serious criminal offence for them corruptly to receive or give any gift, loan, fee, reward or advantage for doing, or not doing, anything or showing favour, or disfavour, to any person in their official capacity.
- B5.2 If an allegation is made, it is for the individual to demonstrate that any such rewards have not been corruptly obtained.
- B5.3 For further guidance, see the Council's Gifts and Hospitality policy on the Council's Intranet (Brian).

B6. Use of Financial Resources

- B6.1 Officers and Council Members **MUST** ensure that they use public funds entrusted to them in a responsible and lawful manner and in accordance with the Council's Financial Procedure Rules.

B7. Lobbying

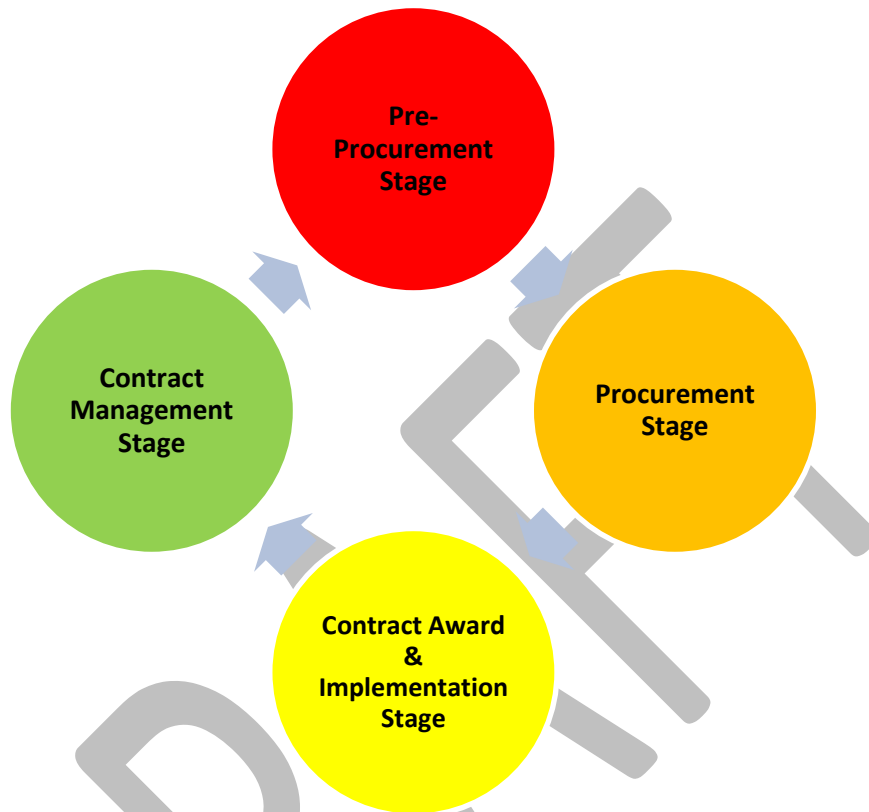
- B7.1 It is recognised that lobbying is a normal and perfectly legitimate element of the process of local governance however it is important that Council Members protect their impartiality and integrity when dealing with external contractors and suppliers.
- B7.2 Council Members **MUST NOT** breach the Council's Code of Conduct by listening to or receiving viewpoints from contractors and suppliers or other interested parties unless they make it clear that they are keeping an open mind. Indicating a bias toward a particular product, supplier or contractor would prejudice impartiality and could lead to a legal challenge against the Council.

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Section C. Procurement Pathways

C1. Procurement Stages

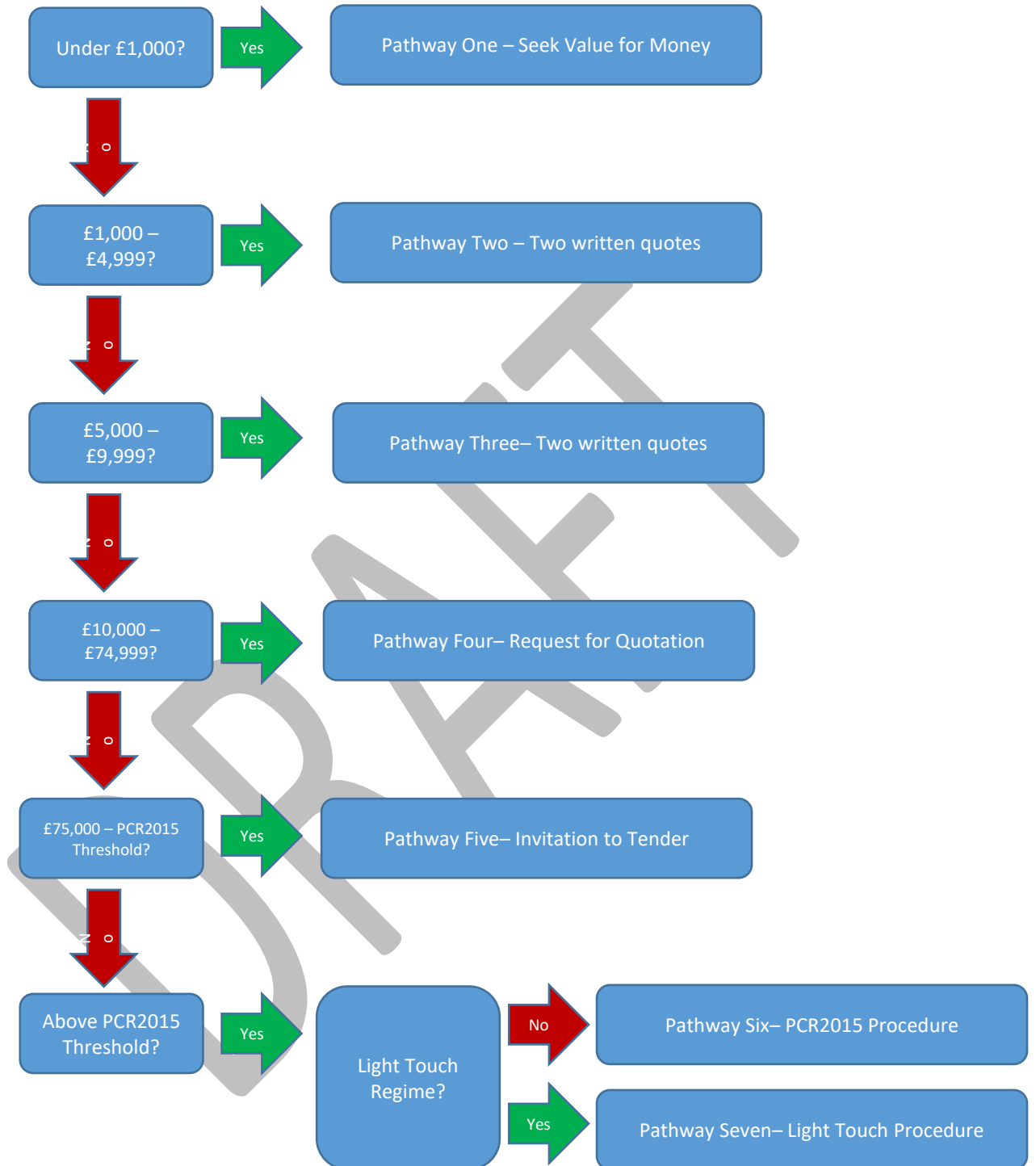
C1.1 The procurement process is made up of 4 primary stages that follow on from each other in a cycle.



- C1.2 **Pre-Procurement Stage** – this covers activities that are needed in order to identify requirements, carry out research, undertake soft-market testing, write the specification, complete spend analysis and obtain any necessary approvals / permissions amongst other steps.
- C1.3 **Procurement Stage** – this covers the advertising of the opportunity, issuing documents to suppliers, answering questions, receiving bids, evaluation, interviews, site visits and preferred bidders are identified amongst other steps.
- C1.4 **Contract Award & Implementation Stage** – this covers the confirmation of the preferred bidder, obtaining any necessary approvals to award the contract, issuing letters and feedback to bidders, observing standstill periods, issuing final contracts for signature, following the signing & sealing process as applicable and then commencing implementation of the contract amongst other steps.
- C1.5 **Contract Management Stage** – this is the time when you ensure that the promises made by all parties to a contract, whether £500 or £5 million, are delivered as agreed; contract management meetings are attended, any concerns and issues raised and addressed in line with the agreed processes, KPIs are monitored, any variations, novations or extensions are sought and documentation is kept up to date amongst other steps. If the requirement is on-going then this stage will lead into another Pre-Procurement Stage; where the requirement is no longer needed the cycle comes to a close once the Contract has expired.

C2. Procurement Pathway Flowchart

C2.1 In order to identify the correct Procurement Pathway please use the flowchart below



C3. Procurement Pathway Descriptions

Pathway One	
Estimated Contract Value ⁷ :	Under £1,000
Step 1	Identify your requirement and get approval from the Budget Manager to start the procurement activity
Step 2	Is there a suitable Corporate Contract already in place? YES – liaise with Contract Manager and proceed to Step 4 NO – proceed to Step 3
Step 3	Source the requirement whilst seeking Value for Money, applying Think Local ⁸ approach and following the Sustainable Procurement Policy ⁹ Use of the Council's e-tendering system is optional Carry out Conflict of Interest Check (see more information below)
Step 4	Obtain written ¹⁰ approval to make the purchase from the appropriate Budget Manager
Step 5	Use a purchasing card to complete the purchase OR Raise a Purchase Order (linked to the Council's General T&Cs of Purchase) – this needs to be raised at this point and NOT when the invoice is received
Step 6	Ensure the purchase is fulfilled, the order is receipted and the invoice is checked and approved / queried as necessary Invoices to be sent directly by the supplier to invoices@lichfielddc.gov.uk Payment will be made within 30 days as standard in line with the Council's General T&Cs of Purchase
Note: There is also the opportunity to use a Third-Party FWA / DPS for this Procurement Pathway but it is not mandated	
Conflict of Interest Check: You MUST carry out a conflict of interest check with all officers (and any third-parties or Council Members) that will be involved in the decision making process BEFORE any decision is made. If any conflicts (potential, perceived or actual) identified then you must follow the process detailed at section B4 .	

⁷ Please refer to [section D5](#) for further information on estimating the contract value

⁸ Think Local – until approved this is not in force

⁹ Sustainable Procurement Policy – until approved this is not in force

¹⁰ Email is acceptable

Pathway Two	
Estimated Contract Value ¹¹ :	£1,000 to £4,999
Step 1	<p>Identify your requirement and get approval from the Budget Manager to start the procurement activity</p> <p>You MUST complete a Procurement Initiation Plan if your requirement is complex, high risk or includes the collection/transfer/use of personal data (specialist T&Cs may be needed)</p> <p>If not already on the Future Procurement Plan it is optional to submit a request to add it (see the Procurement Team pages on the Council's Intranet (Brian))</p>
Step 2	<p>Is there a suitable Corporate Contract already in place?</p> <p>YES – liaise with Contract Manager and proceed to Step 5</p> <p>NO – proceed to Step 3</p>
Step 3	<p>Is there a suitable Third-Party FWA or DPS in place?</p> <p>YES – follow the process identified in the Third-Party FWA / DPS and then proceed to Step 5</p> <p>NO – proceed to Step 4</p>
Step 4	<p>You MUST source the requirement whilst seeking Value for Money, applying Think Local¹² approach and following the Sustainable Procurement Policy¹³ in line with one of the approved processes below:</p> <ul style="list-style-type: none"> Obtaining at least 2 written Quotes Obtaining pricing from at least 2 on-line stores Undertaking market research that evidences only one suitable supplier and seeking pricing from them Carrying out another process as agreed with the Procurement Manager in advance <p>Use of the Council's e-tendering system is optional</p> <p>Evaluation to be based on MEAT¹⁴ approach</p> <p>Carry out Conflict of Interest Check (see more information below)</p>
Step 5	<p>Obtain written¹⁵ approval to make the purchase from the appropriate Budget Manager</p>

¹¹ Please refer to [section D5](#) for further information on estimating the contract value

¹² Think Local – until approved this is not in force

¹³ Sustainable Procurement Policy – until approved this is not in force

¹⁴ MEAT is Most Economically Advantageous Tender – the combination of quality and price

¹⁵ Email is acceptable

Step 6	<p>Raise a Purchase Order (linked to the Council's General T&Cs of Purchase) – this needs to be raised at this point and NOT when the invoice is received</p> <p>OR</p> <p>Where the requirement is specialist, complex or the Council's General T&Cs of Purchase are not suitable, use one of the specialist sets of T&Cs available on the procurement pages of the Council's Intranet (Brian) or from the Procurement Team as well as raising a Purchase Order – this needs to be raised at this point and NOT when the invoice is received</p> <p>ALL consultancy contracts must use specialist T&Cs (see section D10 for further details)</p>
Step 7	Maintain records in line with the Council's Document Retention policy
Step 8	<p>Ensure the purchase is fulfilled, the order is receipted and the invoice is checked and approved / queried as necessary</p> <p>Invoices to be sent directly by the supplier to invoices@lichfielddc.gov.uk</p> <p>Payment will be made within 30 days as standard in line with the Council's General T&Cs of Purchase</p>
<p>Conflict of Interest Check: You MUST carry out a conflict of interest check with all officers (and any third-parties or Council Members) that will be involved in the decision making process BEFORE any decision is made. If any conflicts (potential, perceived or actual) identified then you must follow the process detailed at section B4.</p>	

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Pathway Three	
Estimated Contract Value ¹⁶ :	£5,000 to £9,999
Step 1	<p>Identify your requirement and get approval from the Budget Manager to start the procurement activity</p> <p>You MUST complete a Procurement Initiation Plan if your requirement is complex, high risk or includes the collection/transfer/use of personal data</p> <p>If not already on the Future Procurement Plan it is optional to submit a request to add it (see the Procurement Team pages on the Council's Intranet (Brian))</p>
Step 2	<p>Is there a suitable Corporate Contract already in place?</p> <p>YES – liaise with Contract Manager and proceed to Step 5</p> <p>NO – proceed to Step 3</p>
Step 3	<p>Is there a suitable Third-Party Framework Agreement or DPS in place?</p> <p>YES – follow the process identified in the Third-Party FWA / DPS and then proceed to Step 5</p> <p>NO – proceed to Step 4</p>
Step 4	<p>You MUST source the requirement whilst seeking Value for Money, applying Think Local¹⁷ approach and following the Sustainable Procurement Policy¹⁸ in line with one of the approved processes below:</p> <ul style="list-style-type: none"> • Obtaining at least 2 written Quotes • Obtaining pricing from at least 2 on-line stores • Undertaking market research that evidences only one suitable supplier and seeking pricing from them • Carrying out another process as agreed with the Procurement Manager in advance <p>Use of the Council's e-tendering system is optional</p> <p>Evaluation to be based on MEAT¹⁹ approach</p> <p>Carry out Conflict of Interest Check (see more information below)</p>
Step 5	<p>Complete the Contract Award Recommendation (template available on the procurement pages of the Council's Intranet (Brian)) and obtain approval to award contract from the appropriate Budget Manager</p>
Step 6	<p>Raise a Purchase Order (linked to the Council's General T&Cs of Purchase) – this needs to be raised at this point and NOT when the invoice is received</p>

¹⁶ Please refer to [section D5](#) for further information on estimating the contract value

¹⁷ Think Local – until approved this is not in force

¹⁸ Sustainable Procurement Policy – until approved this is not in force

¹⁹ MEAT is Most Economically Advantageous Tender – the combination of quality and price

	<p>OR</p> <p>Where the requirement is specialist, complex or the Council's General T&Cs of Purchase are not suitable, use one of the specialist sets of T&Cs available on the procurement pages of the Council's Intranet (Brian) or from the Procurement Team as well as raising a Purchase Order – this needs to be raised at this point and NOT when the invoice is received</p> <p>ALL consultancy contracts must use specialist T&Cs (see section D10 for further details)</p>
Step 7	Submit a request to record a contract to the Contract Register via the link on the procurement pages on the Council's Intranet (Brian)
Step 8	Maintain records in line with the Council's Document Retention policy
Step 9	<p>Ensure the purchase is fulfilled, the order is receipted and the invoice is checked and approved / queried as necessary</p> <p>Invoices to be sent directly by the supplier to invoices@lichfielddc.gov.uk</p> <p>Payment will be made within 30 days as standard in line with the Council's General T&Cs of Purchase</p>
<p>Conflict of Interest Check: You MUST carry out a conflict of interest check with all officers (and any third-parties or Council Members) that will be involved in the decision making process BEFORE any decision is made. If any conflicts (potential, perceived or actual) identified then you must follow the process detailed at section B4.</p>	

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Pathway Four	
Estimated Contract Value ²⁰ :	£10,000 to £74,999
Step 1	<p>Identify your requirement</p> <p>You MUST complete a Procurement Initiation Plan and obtain the appropriate approvals needed</p> <p>You MUST liaise with the Procurement Team before progressing</p> <p>If not already on the Future Procurement Plan it is optional to submit a request to add it (see the Procurement Team pages on the Council's Intranet (Brian))</p>
Step 2	<p>Is there a suitable Corporate Contract already in place?</p> <p>YES – liaise with Contract Manager and proceed to Step 6</p> <p>NO – proceed to Step 3</p>
Step 3	<p>Is there a suitable Third-Party Framework Agreement or DPS in place?</p> <p>YES – follow the process identified in the Third-Party FWA/ DPS and then proceed to Step 6</p> <p>NO – proceed to Step 4</p>
Step 4	<p>You MUST source the requirement whilst:</p> <ul style="list-style-type: none"> • seeking Value for Money; • applying Think Local²¹ approach; • following the Sustainable Procurement Policy; ²²and • applying the Social Value Policy²³ / Social Value Act 2012
Step 5	<p>Seek at least 3 written quotations using the Request for Quotation process at Appendix 7 RFQ Process</p> <p>Use of the Council's e-tendering system is optional where the estimated contract value is between £10,000 and £24,999</p> <p>You MUST use the Council's e-tendering system where the estimated contract value is £25,000 or greater</p> <p>Evaluation to be based on MEAT²⁴ approach</p> <p>Carry out Conflict of Interest Check (see Appendix 7 RFQ Process for more information)</p>

²⁰ Please refer to [section D5](#) for further information on estimating the contract value

²¹ Think Local – until approved this is not in force

²² Sustainable Procurement Policy – until approved this is not in force

²³ Social Value Policy – until approved this is not in force

²⁴ MEAT is Most Economically Advantageous Tender – the combination of quality and price

Step 6	Complete the Contract Award Recommendation and obtain approval to award contract from the appropriate Head of Service
Step 7	Provide feedback to the successful and unsuccessful suppliers
Step 8	<p>Draft a formal contract and ask the Procurement Team to issue for signature using the Council's e-signature system²⁵ (supplier to sign first, the Council to sign second)</p> <p>See section F6 for further information on signing & sealing</p> <p>Raise a Purchase Order - this needs to be raised at this point and NOT when the invoice is received</p>
Step 9	<p>Submit a request to record a contract to the Contract Register via the link on the procurement pages on the Council's Intranet (Brian)</p> <p>OR</p> <p>If using the Council's e-tendering system publish the Contract to the Contract Register</p>
Step 10	If the contract value is £25,000 or greater publish a Contract Award Notice via the Council's e-tendering system ²⁶
Step 11	Maintain records in line with the Council's Document Retention policy
Step 12	<p>Ensure the purchase is fulfilled, the order is receipted and the invoice is checked and approved / queried as necessary</p> <p>Invoices to be sent directly by the supplier to invoices@lichfielddc.gov.uk</p> <p>Payment will be made within 30 days as standard in line with the Council's General T&Cs of Purchase</p>
Step 13	Carry out contract management activities throughout the term of the Contract as per detailed within the T&Cs or as detailed at Section G Contract Management Stage

²⁵ In certain circumstances the Procurement Manager or Head of Finance & Procurement (S151 Officer) may approve the signing of contract in a different manner

²⁶ If approved by the Procurement Manager the Contract Award Notice can be submitted directly via Contracts Finder

Pathway Five	
Estimated Contract Value ²⁷ :	£75,000 to PCR2015 Threshold²⁸
Step 1	<p>Identify your requirement</p> <p>You MUST complete a Procurement Initiation Plan and obtain the appropriate approvals needed</p> <p>If not already on the Future Procurement Plan you MUST submit a request to add it (see the Procurement Team pages on the Council's Intranet (Brian))</p> <p>You MUST liaise with the Procurement Team before progressing</p> <p>Add the activity to the Forward Plan in line with the appropriate approvals detailed at Appendix 1 Approval Pathways</p>
Step 2	<p>Is there a suitable Corporate Contract already in place?</p> <p style="padding-left: 40px;">YES – liaise with Contract Manager and proceed to Step 6</p> <p style="padding-left: 40px;">NO – proceed to Step 3</p>
Step 3	<p>Is there a suitable Third-Party Framework Agreement or DPS in place?</p> <p style="padding-left: 40px;">YES – follow the process identified in the Third-Party FWA / DPS and then proceed to Step 6</p> <p style="padding-left: 40px;">NO – proceed to Step 4</p>
Step 4	<p>You MUST source the requirement whilst:</p> <ul style="list-style-type: none"> seeking Value for Money; applying Think Local²⁹ approach; following the Sustainable Procurement Policy³⁰; and applying the Social Value Policy³¹ / Social Value Act 2012
Step 5	<p>Seek at least 3 written Tenders using the Invitation to Tender process at Appendix 8 ITT Process</p> <p>You MUST use the Council's e-tendering system</p> <p>Evaluation to be based on MEAT³² approach</p> <p>Carry out Conflict of Interest Check (see Appendix 8 ITT Process for more information)</p>

²⁷ Please refer to [section D5](#) for further information on estimating the contract value

²⁸ See [Appendix 3 Procurement Thresholds & Timescales](#) for current thresholds

²⁹ Think Local – until approved this is not in force

³⁰ Sustainable Procurement Policy – until approved this is not in force

³¹ Social Value Policy – until approved this is not in force

³² MEAT is Most Economically Advantageous Tender – the combination of quality and price

Step 6	Complete the Contract Award Recommendation and obtain the appropriate approval to award contract (See Appendix 1 Approval Pathways for further details)
Step 7	Provide feedback to the successful and unsuccessful suppliers
Step 8	Draft a formal contract and ask the Procurement Team to issue it for signature using the Council's e-signature system ³³ (supplier to sign first, the Council to sign second) See section F6 for details on signing contracts Raise a Purchase Order - this needs to be raised at this point and NOT when the invoice is received
Step 9	Publish the Contract to the Contract Register
Step 10	Publish a Contract Award Notice via the Council's e-tendering system ³⁴
Step 11	Maintain records in line with the Council's Document Retention policy
Step 12	Ensure the purchase is fulfilled, the order is receipted and the invoice is checked and approved / queried as necessary Invoices to be sent directly by the supplier to invoices@lichfielddc.gov.uk Payment will be made within 30 days as standard in line with the Council's General T&Cs of Purchase
Step 13	Carry out contract management activities throughout the term of the Contract as per detailed within the T&Cs or as detailed at Section G Contract Management Stage

³³ In certain circumstances the Procurement Manager or Head of Finance & Procurement (S151 Officer) may approve the signing of contract in a different manner

³⁴ If approved by the Procurement Manager the Contract Award Notice can be submitted directly via Contracts Finder

Pathway Six	
Estimated Contract Value ³⁵ :	Above PCR2015 Threshold (excluding Light Touch Regime)
Step 1	<p>Identify your requirement</p> <p>You MUST complete a Procurement Initiation Plan and obtain the appropriate approvals needed</p> <p>If not already on the Future Procurement Plan you MUST submit a request to add it (see the Procurement Team pages on the Council's Intranet (Brian))</p> <p>You MUST liaise with the Procurement Team before progressing</p> <p>Add the activity to the Forward Plan in line with the appropriate approvals detailed at Appendix 1 Approval Pathways</p>
Step 2	<p>Is there a suitable Corporate Contract already in place?</p> <p>YES – liaise with Contract Manager and proceed to Step 6</p> <p>NO – proceed to Step 3</p>
Step 3	<p>Is there a suitable Third-Party Framework Agreement or DPS in place?</p> <p>YES – follow the process identified in the Third-Party FWA / DPS and then proceed to Step 6</p> <p>NO – proceed to Step 4</p>
Step 4	<p>You MUST source the requirement whilst:</p> <ul style="list-style-type: none"> • seeking Value for Money; • following the Sustainable Procurement Policy³⁶; • applying the Social Value Policy³⁷ / Social Value Act 2012; and • adhering to the Regulations.
Step 5	<p>Follow one of the available procurement procedures as detailed in section E5</p> <p>You MUST use the Council's e-tendering system</p> <p>Evaluation to be based on MEAT³⁸ approach</p> <p>Carry out Conflict of Interest Check (see section B4 for more information)</p>
Step 6	<p>Complete the Regulation 85 Contract Award Recommendation and obtain the appropriate approval to award contract (see Appendix 1 Approval Pathways for further details)</p>

³⁵ Please refer to [section D5](#) for further information on estimating the contract value

³⁶ Sustainable Procurement Policy – until approved this is not in force

³⁷ Social Value – until approved this is not in force

³⁸ MEAT is Most Economically Advantageous Tender – the combination of quality and price

Step 7	Provide feedback to the successful and unsuccessful suppliers in line with the Regulations and using the Standstill Period as applicable
Step 8	<p>Draft a formal contract and ask the Procurement Team to issue it for signature (only once the Standstill Period has been formally concluded) using the Council's e-signature system³⁹ (supplier to sign first, the Council to sign second)</p> <p>See section F6 for details on signing contracts</p> <p>Raise a Purchase Order - this needs to be raised at this point and NOT when the invoice is received</p>
Step 9	Publish the Contract to the Contract Register
Step 10	Publish a Contract Award Notice via the Council's e-tendering system ⁴⁰
Step 11	Maintain records in line with the Council's Document Retention policy
Step 12	<p>Ensure the purchase is fulfilled, the order is receipted and the invoice is checked and approved / queried as necessary</p> <p>Invoices to be sent directly by the supplier to invoices@lichfielddc.gov.uk</p> <p>Payment will be made within 30 days as standard in line with the Council's General T&Cs of Purchase</p>
Step 13	Carry out contract management activities throughout the term of the Contract as per detailed within the T&Cs or as detailed at Section G Contract Management Stage

³⁹ In certain circumstances the Procurement Manager or Head of Finance & Procurement (S151 Officer) may approve the signing of contract in a different manner

⁴⁰ If approved by the Procurement Manager the Contract Award Notice can be submitted directly via Contracts Finder

Pathway Seven	
Estimated Contract Value ⁴¹ :	Above PCR2015 Threshold Light Touch Regime
Step 1	<p>Identify your requirement</p> <p>You MUST complete a Procurement Initiation Plan and obtain the appropriate approvals needed</p> <p>If not already on the Future Procurement Plan you MUST submit a request to add it (see the Procurement Team pages on the Council's Intranet (Brian))</p> <p>You MUST liaise with the Procurement Team before progressing</p> <p>Add the activity to the Forward Plan in line with the appropriate approvals detailed at Appendix 1 Approval Pathways</p>
Step 2	<p>Is there a suitable Corporate Contract already in place?</p> <p>YES – liaise with Contract Manager and proceed to Step 6</p> <p>NO – proceed to Step 3</p>
Step 3	<p>Is there a suitable Third-Party Framework Agreement or DPS in place?</p> <p>YES – follow the process identified in the Third-Party FWA / DPS and then proceed to Step 6</p> <p>NO – proceed to Step 4</p>
Step 4	<p>You MUST source the requirement whilst:</p> <ul style="list-style-type: none"> • seeking Value for Money; • following the Sustainable Procurement Policy⁴²; • applying the Social Value Policy⁴³ / Social Value Act 2012; and • adhering to the Regulations
Step 5	<p>Agree with the Procurement Manager which LTR procurement procedure is to be followed.</p> <p>You MUST use the Council's e-tendering system</p> <p>Evaluation to be based on MEAT⁴⁴ approach</p>
Step 6	<p>Complete the Regulation 85 Contract Award Recommendation and obtain appropriate approval to award contract. See Appendix 1 Approval Pathways for further details</p>
Step 7	<p>Provide feedback to the successful and unsuccessful suppliers in line with the Regulations and using the Standstill Period as applicable</p>

⁴¹ Please refer to [section D5](#) for further information on estimating the contract value

⁴² Sustainable Procurement Policy – until approved this is not in force

⁴³ Social Value Policy – until approved this is not in force

⁴⁴ MEAT is Most Economically Advantageous Tender – the combination of quality and price

Step 8	<p>Draft a formal contract and ask the Procurement Team to issue it for signature (only once the Standstill Period has been formally concluded) using the Council's e-signature system⁴⁵ (supplier to sign first, the Council to sign second)</p> <p>See section F6 for details on signing contracts</p> <p>Raise a Purchase Order - this needs to be raised at this point and NOT when the invoice is received</p>
Step 9	Publish the Contract to the Contract Register
Step 10	Publish a Contract Award Notice via the Council's e-tendering system ⁴⁶
Step 11	Maintain records in line with the Council's Document Retention policy
Step 12	<p>Ensure the purchase is fulfilled, the order is receipted and the invoice is checked and approved / queried as necessary</p> <p>Invoices to be sent directly by the supplier to invoices@lichfielddc.gov.uk</p> <p>Payment will be made within 30 days as standard in line with the Council's General T&Cs of Purchase</p>
Step 13	Carry out contract management activities throughout the term of the Contract as per detailed within the T&Cs or as detailed at Section G Contract Management Stage

⁴⁵ In certain circumstances the Procurement Manager or Head of Finance & Procurement (S151 Officer) may approve the signing of contract in a different manner

⁴⁶ If approved by the Procurement Manager the Contract Award Notice can be submitted directly via Contracts Finder

C4. Further information on the Light Touch Regime

- C4.1 The Light Touch Regime (LTR) applies to a specific range of services if the Contract is valued above the PCR2015 Threshold (see [Appendix 3 Procurement Thresholds & Timescales](#)).
- C4.2 The services covered by the LTR as listed below in general:
- C4.2.1 Administrative, social, education, healthcare and cultural services
 - C4.2.2 Benefit services
 - C4.2.3 Compulsory Social Security services
 - C4.2.4 Health, social and related services
 - C4.2.5 Hotel and restaurant services
 - C4.2.6 International services
 - C4.2.7 Investigation and security services
 - C4.2.8 Legal services
 - C4.2.9 Miscellaneous services
 - C4.2.10 Other administrative and government services
 - C4.2.11 Other community, social and personal services including services furnished by trade unions, political organisations, youth associations and other membership organisation services
 - C4.2.12 Postal services
 - C4.2.13 Prison related services, public security and rescue services to the extent not excluded pursuant to point (h) of Article 10
 - C4.2.14 Provision of services to the community
 - C4.2.15 Religious services
 - C4.2.16 School Meals and Catering services

If you consider your procurement activity to fall within one of the categories you **MUST** contact the Procurement Team before progressing in order for validation to be undertaken in line with CPV⁴⁷ coding.

- C4.3 Under the Light Touch Regime, you **MUST**:
- C4.3.1 issue a Contract Notice or Prior Information Notice in FTS;
 - C4.3.2 follow a transparent and fair procedure which treats potential service providers equally; and
 - C4.3.3 issue a Contract Award Notice.
- C4.4 The Regulations require the Council to:
- C4.4.1 give information in the Contract Notice about:
 - C4.4.1.1 any conditions for participating in the competition (e.g. “selection” criteria);
 - C4.4.1.2 any time limits for contacting the Council;
 - C4.4.1.3 the award procedure that the Council will apply;

⁴⁷ CPV means Common Procurement Vocabulary. This is the coding used to identify specific goods, services and works and links to the Regulations,

C4.4.1.4 ensure that any time limits imposed on interested providers are reasonable and proportionate.

C4.5 The Council can choose to apply a procedure that looks similar to one of the procurement procedures (see [section E5](#)) but does not have to.

C5. Further Information on Framework Agreements

C5.1 A Framework Agreement (“FWA”) is an ‘umbrella’ agreement to which one or more suppliers is appointed. Usually, they are used when the exact quantity of goods, services or works required over the period of the FWA cannot be determined. For example, a FWA with one supplier for the provision of office supplies. A FWA establishes the T&Cs which will be used whenever an order is ‘called-off’ against it. FWAs can be established with one supplier or a number in which case often a “mini-competition/further competition” is used to decide which supplier is used each time there is a requirement.

C5.2 They are normally limited to four years in length (particularly those above the PCR2015 Threshold).

C5.3 There is no obligation to buy anything from a FWA and you are not committing the Council to any spend. However, every time you place an order under a FWA, you are entering into a legally binding Contract.

C5.4 You **MUST** seek support from the Procurement Team if you are seeking to establish a FWA.

C6. Further Information on Third-Party Framework Agreements

C6.1 Third-Party Framework Agreement (“FWA”) are FWAs established by other organisations that are open to the Council to use in order to let a Contract. There are specific procedures that have to be followed in order to set-up a Third-Party FWA and these need to be reviewed before we use one to award a contract.

C6.2 Some well-known Third-Party FWA providers are:

C6.2.1 [Crown Commercial Services \(CCS\)](#)

C6.2.2 [ESPO](#)

C6.2.3 [YPO](#)

C6.2.4 [SCAPE](#)

C6.2.5 [Fusion21](#)

C6.2.6 [NEPO](#)

C6.3 There is a list of potential Third Party FWA providers on the Procurement Team pages of the Council’s Intranet (Brian).

C6.4 You **MUST** seek support from the Procurement Team if you are seeking to use a Third-Party FWA.

C7. Further Information on Dynamic Purchasing Systems

C7.1 A Dynamic Purchasing System (“DPS”) is similar to a FWA however whereas a FWA is set once the award has been made and no new suppliers can be added to it, a DPS will allow new suppliers to be added, provided that they meet the objective selection criteria laid out in the original Contract Notice or advertisement.

C7.2 The Council may opt to establish its own DPS where applicable.

C7.3 You **MUST** seek support from the Procurement Team if you are seeking to establish a DPS.

C8. Further Information on Third-Party Dynamic Purchasing Systems

- C8.1 Third-Party Dynamic Purchasing System (“DPS”) are DPS established by other organisations that are open to the Council to use in order to let a Contract. There are specific procedures that have to be followed in order to set-up a Third-Party DPS and these need to be reviewed before the Council uses one to award a contract.
- C8.2 You **MUST** seek support from the Procurement Team if you are seeking to use a Third-Party DPS.

C9. Concession Contract Pathways

- C9.1 A Concession Contract involves a contractual arrangement between the Council and a supplier (the concession holder) where the supplier provides services or carries out works and is remunerated not by the Council paying them, but by being permitted to exploit the services or works. For example, the right to run a staff canteen is awarded to a catering company who keeps any surplus they make from selling food/drinks etc., there is no payment from the host to the catering company for the running of the service.
- C9.2 Where a concession Contract is below the PCR2015 Threshold for concessions then similar pathways to the Procurement Pathways shall be followed – you **MUST** liaise with the Procurement Team at the start to agree a suitable pathway.
- C9.3 Where a concession Contract is above the PCR2015 Threshold for concessions then the procedures detailed in the Concession Contract Regulations 2016 - you **MUST** liaise with the Procurement Team at the start to agree a suitable pathway.

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Section D. Pre-Procurement Stage

D1. General

D1.1 Before commencing any procurement activity, regardless of value, you **MUST** identify your requirement and calculate its estimated contract value.

D2. Check the Contract Register

D2.1 You **MUST** check the Contract Register before you start any procurement activity, in case there is an existing Council Contract which covers your need. Saving time and expense by using an existing Contract will almost always represent Value for Money.

D3. Future Procurement Plan

D3.1 All procurements that have a value of £75,000 and over **MUST** be entered on the Future Procurement Plan which will be published on our Website. This is a requirement of the Local Government Transparency Code. It is optional to include procurements that have a value of below £75,000.

D3.2 To add an entry on the Future Procurement Plan follow the process detailed on the procurement pages on the Council's Intranet (Brian).

D3.3 On an annual basis a copy of the Future Procurement Plan for the next 12-18 months will be presented to Cabinet in order to seek pre-procurement and post-procurement approvals (see [Appendix 1 Approval Pathways](#) for further information).

D4. Procurement Initiation Plan

D4.1 For any procurement activity with an estimated contract value of £10,000 or greater, **OR** where the requirement is complex⁴⁸, high risk⁴⁹ or involves the collection/transfer/use of personal data (any value above £1,000) you **MUST** complete a Procurement Initiation Plan.

D4.2 For any procurement activity with an estimated contract of £10,000 or greater you **MUST** speak with the Procurement Team at this stage.

D4.3 Prior to commencing any procurement activity with an estimated contract value of £10,000 or greater, you **MUST** develop your requirement by researching the procurement and speaking to all relevant parties, obtaining all relevant information. The Procurement Initiation Plan falls out of this research and forms the business case that is approved prior to commencing the procurement.

D4.4 The requirement **MUST** start with an identifiable need which reflects the Council's overall objectives identified within Council, Service and Team Plans. You **MUST** understand the business requirements and how it impacts all levels of the organisation and local community. Consider the relevance of Council policies and procedures and how they have a bearing on the requirement.

D4.5 The Procurement Initiation Plan covers a range of aspects including make or buy, on-going licences/maintenance requirements, price/quality split, needs v wants, and different procurement approaches.

⁴⁸ Complex relates to the chosen procurement pathway, the type of goods, services or works being procured (e.g. non-standard goods, highly specialist services, highly technical works). It can also relate to the contractual set-up required (e.g. tripartite, JCT, NEC4) or similar complexities.

⁴⁹ High risk relates to the market you are procuring from (e.g. high levels of business failure), the goods, services or works being procured (e.g. works that involve asbestos or supporting walls), the wider PR environment (e.g. a highly public project), transfer of personal data or similar risks.

D4.6 Template Procurement Initiation Plans can be found on the procurement pages on the Council's Intranet (Brian).

D5. Budget & Estimate Contract Value

D5.1 Before starting the procurement, you **MUST** have budgetary approval in writing from the budget holder.

D5.2 You **MUST** establish the aggregated monetary value of your requirement early, as this identifies the process that you follow, influences the amount of work you do and indicates the level of interest that will be generated.

D5.3 To estimate the contract value you should look backwards over a number of years to establish what has been spent before and look forwards to understand future requirement and available budgets. You should also take into consideration spend over the whole of the Council and not just your team/department.⁵⁰

D5.4 For Contracts with a term of under 12 months you need to estimate the total contract value and then use this to identify the relevant Procurement Pathway.

D5.5 For Contracts with a term of over 12 months you need to estimate the annual contract value and then multiple this by the proposed term of the contract including any options to extend. For example a contract with an annual value of £30,000 and a term of 3 years plus 1 year will have an estimate contract value of £120,000. If you are uncertain what the term of the contract will be, please contact the Procurement Team for advice.

D5.6 If you underestimate a Contract's estimated value and carry out the incorrect Procurement Pathway you may be required to stop the procurement activity and re-start it using the correct Procurement Pathway. It is not permissible to award a Contract which is above the PCR2015 Thresholds if a non-compliant Procurement Pathway has been followed.

D5.7 Please seek assistance from the Procurement Team if you are unsure of the estimated contract value, need assistance in calculating it or if the estimated contract value is within 20% of the PCR2015 Thresholds (See [Appendix 3 Procurement Thresholds & Timescales](#)).

D5.8 You **MUST NOT** artificially reduce the term of a Contract, underestimate the contract value or split the Contract in order to change the applicable Procurement Pathway. If your procurement activity is for an area of spend that may also affect the wider Council, please contact the Procurement Team for advice.

D6. Key stakeholders & other teams

D6.1 You **MUST** identify the key stakeholders for the project including anyone impacted by the requirement. You should consider doing a Communications Plan for larger projects. You **MUST** be mindful of any Conflict of Interest and take necessary precautions to ensure that if there is a conflict, it is mitigated and/or managed.

D6.2 It may be necessary to obtain legal, HR, procurement and or financial advice prior to, or during, any procurement activity due to its complexity, scope or legal underpinnings. You **MUST** seek advice as soon as practicable; if you are uncertain as to whether advice is needed, please liaise with the procurement Team for advice.

⁵⁰ Where the procurement activity you are leading on covers spend by other teams, please seek guidance from the Procurement Team – a decision will be made as to the most suitable way forward to meet your outcomes and also reflect the needs of the Council as a whole.

D7. Market Analysis & Soft Market Testing

- D7.1 In order to gain a better understanding of the market and the goods, services and works on offer, you may want to carry out soft-market testing.
- D7.2 For procurement activities below the PCR2015 Thresholds, you are able to talk to suppliers before starting the procurement, this may include trialling products, visiting supplier premises or the premises of a supplier's customer (please refer to the Gift & Hospitality Policy if visiting other organisations' sites). This type of pre-procurement engagement or consultation could focus on:
- D7.2.1 What is being purchased?
 - D7.2.2 Is the specification realistic? Is it too ambitious? Not ambitious enough?
 - D7.2.3 What will the process look like?
 - D7.2.4 Do potential bidders have any concerns about timescales, for example?
- D7.3 You **MUST** keep adequate records of market research carried out and ensure that no supplier is favoured, or could be perceived to have been favoured, over any other either during or after the soft-market testing or any subsequent procurement activity.
- D7.4 You **MUST** ensure that any subsequent specification does not favour, or could be perceived to favour, one supplier over any other. Please liaise with the Procurement Team for advice and support.
- D7.5 For above PCR2015 Threshold procurement activities there is a detailed and specific process that must be followed in order to ensure any soft-market testing is carried out in line with the Regulations therefore you **MUST** seek advice from the Procurement Team before commencing.

D8. Supplier conflicts of interest as a result of soft-market testing

- D8.1 If a potential supplier has advised the Council or been involved in the preparation of the procurement procedure (for example providing information for a specification or estimated costings), the Council is expected to take "appropriate measures" to ensure the resulting competition is not distorted by that supplier's pre-procurement involvement. This might include, for example, communicating relevant information to other suppliers/tenderers. The Council cannot exclude a supplier from a procurement unless there is genuinely no other way to ensure that there is equal treatment of suppliers/tenderers in the procurement process.
- D8.2 If you are concerned that this may be, or become, an issue, please speak with the Procurement Team.

D9. Asset Leasing Type Arrangements

- D9.1 The implementation of the Prudential Code introduced new freedoms for local authorities to pursue various capital and revenue options for the funding of asset acquisitions. It is therefore important to ensure the most cost-effective form of funding is sourced for each acquisition.
- D9.2 Asset leases are to ensure:
- D9.2.1 compliance with the Prudential Code
 - D9.2.2 terms and conditions of leases are appropriate
 - D9.2.3 the lease type arrangement is correctly recorded in the Council's accounts
 - D9.2.4 compliance with the Regulations
- D9.3 Implications if the above objectives are not achieved:

- D9.3.1 non-compliance with the Prudential Code Value for Money requirements and potentially decisions being unlawful or ultra vires⁵¹
- D9.3.2 the cost of leasing the asset is greater than alternative finance options
- D9.3.3 the Council's accounts are incorrectly stated
- D9.3.4 legal challenge as a result of a breach of the Regulations
- D9.4 Key Responsibilities for Council Members and Officers:
 - D9.4.1 to undertake option appraisals to demonstrate that lease type arrangements provide value for money compared to alternative options; and
 - D9.4.2 every Head of Service **MUST** refer all proposed lease type arrangements, within their Services, to the Head of Finance and Procurement (S151 Officer); and
 - D9.4.3 approval **MUST** be obtained from the Head of Finance and Procurement (S151 Officer) for all lease type arrangements.
- D9.5 More information on the Prudential Code can be obtained from www.cipfa.org
- D9.6 Asset leases are treated as supplies Contracts for the purpose of the Regulations and so the Regulations will apply in the normal way.

D10. Types of Contract

- D10.1 You **MUST** identify the correct type of contract that will be used to create the Contract which comes from your procurement activity at Pre-Procurement stage. When considering which type of contract to use, you should consider the subject matter of the contract, its value and the impact of any failure to deliver the requirements by the supplier and, if appropriate, discuss with the Procurement Team.
- D10.2 **Contracts below the PCR2015 Thresholds:**
 - D10.2.1 For the majority of Contracts under the PCR2015 Thresholds it will normally be appropriate to use the Council's standard Terms and Conditions of Contract which are available on the procurement pages on the Council's Intranet (Brian).
 - D10.2.2 For consultancy Contracts it will normally be appropriate to use the Council's standard Consultancy Contract.
 - D10.2.3 It may be more appropriate to use an industry standard form of Contract, such as JCT or NEC or a bespoke Contract drafted for the particular Contract in question.
 - D10.2.4 If the subject matter of the Contract is complex, high risk or involved the collection/use/transfer of personal data please liaise with the Procurement Team.
- D10.3 **Contracts above the PCR2015 Thresholds:**
 - D10.3.1 For Contracts above the PCR2015 Thresholds you should use the Council's standard Terms and Conditions of Contract which are available on the procurement pages on the Council's Intranet (Brian).
 - D10.3.2 It may be more appropriate to use an industry standard form of Contract, such as JCT or NEC or a bespoke Contract drafted for the particular Contract in question.

⁵¹ Ultra vires means acting beyond the powers or authority by which a person or organisation is bound.

D10.3.3 If the subject matter of the Contract is complex, high risk or involved the collection/use/transfer of personal data you **MUST** liaise with the Procurement Team.

D10.4 Use of Third-Party Framework Agreements & Dynamic Purchasing Systems:

D10.4.1 When using a Third-Party Framework Agreement or Dynamic Purchasing System you **MUST** use the contract documents as detailed by the Third-Party. In most cases this will be a pre-agreed set of T&Cs but in some cases there may be a choice (particularly for works related activities) available. Please seek guidance from the Procurement Team when needed.

D10.5 Use of Supplier Terms and Conditions:

D10.5.1 Often Suppliers may try to insist that Contracts are let on their own T&Cs; in general these will be more favourable to the supplier and may limit the rights of the Council throughout the term of the Contract.

D10.5.2 Unless agreed by the Procurement Manager and or Head of Finance & Procurement (S151 Officer) you **MUST NOT** use Supplier T&Cs.

D11. Engagement of Interims and Consultants (Day Rate basis)

D11.1 When considering the engagement of interims or consultants on a 'day rate' basis rather than via an employment contract (payroll) you **MUST** consider whether the engagement falls inside or outside of the IR35 regulations (off-payroll working). The Council may be liable a range of costs including income tax and national insurance payments if the categorisation of the contract is incorrect. You **MUST** seek guidance from the Procurement Team and Finance Team at the start of the project.

D12. Confidentiality

D12.1 The Council has a responsibility to ensure that information provided to suppliers and provided by suppliers is treated confidentially. This is not only good practice but also gives the suppliers confidence that they are being treated fairly and without discrimination. Information provided by the Council is given in confidence to suppliers and those whom they need to consult for the purpose of preparing their response, such as professional advisors or joint bidders.

D12.2 If a Conflict of Interest arises or if at any time during the procurement it is discovered that the supplier has not acted confidentially, the Council may eliminate them from the procurement exercise.

D12.3 Suppliers have the right to state what elements of their Tender Submission they want to remain confidential however under FOIA and EIR the Council **MUST** provide information requested with some exceptions such as commercially confidential items (pricing, intellectual property etc.) which can be redacted from the version published in the public domain. Contractors' cooperation may be needed to ensure the Council complies with requests for information.

D12.4 All contracts **MUST** include a clause permitting the publication of information relating to the contract in line with the Local Government Transparency Code 2015.

D13. Intellectual Property

D13.1 "Intellectual Property Rights" includes patents, inventions, trademarks, service marks, logos, design rights, copyright, database rights, domain names, trade or business names, moral rights, Council data and other similar rights or obligations.

D13.2 Generally speaking, all intellectual property rights in all works or supplies provided under a Contract which are written or produced on a bespoke or customized basis would be owned by the Council and the Supplier should be required to ensure that it allows such ownership.

D13.3 It is expected that any contract will require the transfer of data from the outgoing supplier to the Council or the subsequent supplier (as decided by the Council) in a format of the Council's choosing.

D13.4 However, where the supplier provides existing intellectual property right protected material to the Council under a Contract, it has to warrant it has the right to do so and it fully indemnifies the Council against all loss or liability arising from any third party intellectual property rights claims arising both from such existing material and in relation to any such bespoke work.

D14. Data Protection Act & GDPR

D14.1 The Data Protection Act 2018 ("DPA") relates to the processing of data on identifiable living people and are the legislation that govern the protection of personal data in the UK. All Officers and Council Members are legally obliged to comply.

D14.2 The Council's various Standard Terms and Conditions of Contract contain clauses which state how a supplier must process and store personal data provided to them under a Contract.

D14.3 In certain Contracts, where a supplier is required to process personal data or hold personal information for the purpose of executing the Contract, then Officers **MUST** seek further guidance from the Data Protection Officer.

D15. Specifications

D15.1 For all compliant procurement activities, you **MUST** draft the specification for a Contract upfront, before starting the procurement process.

D15.2 What the specifications look like will vary widely depending on the nature of the Contract. If you are having difficulty drafting a specification for the Contract, guidance is available on the procurement pages on the Council's Intranet (Brian).

D15.3 In addition to the direct requirements detailed in your specification, you should also consider any other requirements such as:

D15.3.1 Construction, Design and Management Regulations 2017;

D15.3.2 Data Protection (for example when sharing customer data held by the Council with a supplier);

D15.3.3 Environmental impacts;

D15.3.4 Health & Safety (for example working from height, public gatherings, hot works);

D15.3.5 Modern slavery;

D15.3.6 Social Value;

D15.3.7 Specialist insurance (for example Contractors All Work, Product Indemnity);

D15.3.8 Transfer of Undertakings in Employment (TUPE);

D15.3.9 Safeguarding

D15.4 You may need to obtain specific advice from the Health & Safety Manager, Human Resources Team, Insurance Manager, Safeguarding Officer, Data Protection Officer, Finance Team, or Legal Team to assist you in developing these part of the specification.

D15.5 For further information please see the procurement pages on the Council's Intranet (Brian).

D16. Minimum Insurance Levels

D16.1 The Council requires all suppliers to meet the minimum insurance levels as stated below.

Type of Cover	Duration of Cover	Minimum insurance level per claim			
		Goods	Services	Goods & Services	Works
Employers Liability	Length of Contract	£5 million	£5 million	£5 million	£5 million
Public Liability	Length of Contract	£5 million	£5 million	£5 million	£25 million
Professional Indemnity	Length of Contract PLUS 6 years (signed as a Simple Contract) 12 years (sealed as a Deed)	N/A	£2 million	£2 million	£2 million
Product Liability	Dependent upon requirement – product guarantee may be required instead. Seek guidance from the Insurance Manager.				
Contractors All Risk (dependent upon location - seek guidance from the Insurance Manager)	Length of Contract/Works	N/A	N/A	N/A	At least contract value

D16.2 The above limits relate to each claim.

D16.3 When starting a procurement activity for a complex, high risk or specialist contract or a contract that involves works you **MUST** confirm insurance levels with the Insurance Manager.

D16.4 It is permissible to amend the limits above where appropriate but approval **MUST** be obtained from the Insurance Manager and Head of Finance and Procurement (S151 Officer) in advance, for example it may be proportionate to reduce the level of Public Liability insurance to a lower level.

D17. Social Value

D17.1 The Social Value Act requires the procurer to consider securing economic, social, or environmental benefits when buying services through what is being bought, and how it is procured.

D17.2 This duty relates to:

D17.2.1 all service Contracts to which the Regulations apply (including those under the Light Touch Regime);

D17.2.2 service Contracts with a works / supplies element that is so incidental that the Contract would ordinarily be considered a services Contract under the Regulations; and

D17.2.3 Frameworks Agreements for such Contracts.

D17.3 The Council **MUST** also think about whether consultation on Social Value matters is needed.

D17.4 In addition to the requirements of the Social Value Act, the Council also has its own Social Value Policy⁵² which covers procurement activities of all values. Please refer to this document for further details.

D18. Modern Slavery and Human Trafficking

D18.1 The Council has a Slavery and Human Trafficking Statement⁵³ in place and takes its responsibilities in relation to the elimination of slavery and human trafficking within its supply-chains and those of its suppliers seriously. You **MUST** consider the risk of these activities being present in the market your procurement relates to and then what additional information you need to request from suppliers as part of your procurement activity.

D18.2 Modern Slavery includes human trafficking, forced labour and bonded labour.

D18.3 Below is an example list of sectors that may be considered at risk of modern slavery related activities within their supply chains:

D18.3.1 Construction and agriculture;

D18.3.2 'Gig-Economy' services (for example window cleaning, cleaning services, delivery services);

D18.3.3 IT Hardware (especially the extraction of rare earth minerals used in the manufacture of component parts);

D18.3.4 Recruitment (especially the use of gang masters or foreign workers);

D18.3.5 Textile production and clothing manufacturing

D18.4 It may be necessary to ask additional questions and seek further information from suppliers as part of the procurement activity due to risk of Modern Slavery being present in any supply chains. For further information see the procurement team pages on the Council's Intranet (Brian) or speak with the Procurement Manager.

D19. Sustainable Procurement Policy

D19.1 The Council has recognised, and is committed to tackling, the climate change emergency. One way of reducing our impact on the environment is through our procurement activity. The Council has its own Sustainable Procurement Policy⁵⁴ which

⁵² Social Value Policy – until approved not in force

⁵³ <https://www.lichfielddc.gov.uk/council/modern-slavery-human-trafficking-statement>

⁵⁴ Sustainable Procurement Policy – until approved not in force

covers procurement activities of all values. Please refer to this document for further details.

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Section E. Procurement Stage

E1. Procurement Documentation

E1.1 The following documentation **MUST** be used as detailed below (templates can be found on the procurement team pages on the Council's Intranet (Brian)):

= mandatory

		These only apply when NOT using a Framework Agreement / DPS (Third Party or the Council's own) ⁵⁵				
Procurement Pathway	Contract Value	RFQ Pack	ITT Pack	Above PCR2015 Pack	Full Contract	Purchase Order
Pathway One	Under £1,000	Optional			Optional ⁵⁶	Optional ⁵⁷
Pathway Two	£1,000 to £4,999	Optional			Optional ⁴²	<input checked="" type="checkbox"/>
Pathway Three	£5,000 to £9,999	<input checked="" type="checkbox"/>			Optional ⁴²	<input checked="" type="checkbox"/>
Pathway Four	£10,000 to £74,999		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Pathway Five	£75,000 to PCR2015 Threshold		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Pathway Six	Above PCR2015 Threshold			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Pathway Seven	Above PCR2015 Threshold – Light Touch Regime			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

⁵⁵ When using a Framework Agreement / DPS (Third-Party or the Council's own) you are to use the documentation that is required in relation to the procedure – normally these will be published on the website relating to the Framework Agreement / DPS or can be requested via email

⁵⁶ Use of a Purchase Order only is permitted if the Council's General T&Cs of Purchase are suitable

⁵⁷ Use of a purchase card is also permitted

E2. Request for evidence from suppliers

E2.1 You **MUST** provide potential suppliers with all the information they need to understand the requirement but not overload them with unnecessary information or requests for documentation during a procurement activity. For example, it would be proportionate to ask suppliers to confirm that they meet minimum insurance requirements within the RFQ/ITT pack and then seek copy certificates from the preferred supplier only at contract award stage.

E3. Publication of documentation/information

E3.1 For above PCR2015 Threshold procurement activities, the Regulations require the Council to make all the procurement documents available electronically from the published date of the Contract Notice. Procurement documents include the proposed T&Cs as well as specification, Supplier Questionnaire (SQ) and ITT Pack. This means that all documentation **MUST** be drafted before the Contract Notice is issued.

E3.2 The Council considers it good practice to apply this rule to all procurement activities, whether or not above the PCR2015 Threshold.

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E4. Below PCR2105 Threshold – Part 4 Obligations

E4.1 The PCR2015 Regulations contain a section (Part 4) which relates to activities below the PCR2015 Thresholds. The table below provides a summary of these requirements – further information can be found in [Appendix 6 Part 4 of the Regulations](#).

Procurement Pathway	Contract Value	Using Contracts Finder to advertise opportunity ⁵⁸	Use of Pre-Qualification Stage	Contract Award Notice on Contracts Finder ⁵⁹
Pathway One	Under £1,000	Optional	Not permitted	Optional
Pathway Two	£1,000 to £4,999	Optional	Not permitted	Optional
Pathway Three	£5,000 to £9,999	Optional	Not permitted	Optional
Pathway Four	£10,000 to £74,999	Optional (over £25,000 – please see footnote 58 below)	Not permitted	Under £25,000 – Optional £25,000 and above - Mandatory

⁵⁸ Where the contract value is £25,000 or over, and you advertise an opportunity in any way (including on the Council website or Social Media accounts), then you **MUST** place an advert on Contracts Finder via the Council's e-tendering system. This does not include where you call off from one of the Council's Framework Agreements, Third-Party Framework Agreements, Dynamic Purchasing Systems (Council or Third-Party).

⁵⁹ Applies whether the award is a result of an RFQ / ITT (or other procedure), use of a Framework Agreement or DPS (Council or Third Party)

Procurement Pathway	Contract Value	Using Contracts Finder to advertise opportunity ⁵⁸	Use of Pre-Qualification Stage	Contract Award Notice on Contracts Finder ⁵⁹
Pathway Five	£75,000 to PCR2015 Threshold	Mandatory	Not permitted ⁶⁰	Mandatory

E4.2 For information a summary of the same for Above PCR2015 Threshold is provided below:

Procurement Pathway	Contract Value	Using Contracts Finder to advertise opportunity ⁶¹	Use of Pre-Qualification Stage	Contract Award Notice on Contracts Finder ⁶²
Pathway Six	Above PCR2015 Threshold	Mandatory	Optional – use Crown Commercial Services' standard Selection Questionnaire	Mandatory
Pathway Seven	Above PCR2015 Threshold – Light Touch Regime	Mandatory	Optional – use Crown Commercial Services' standard Selection Questionnaire	Mandatory

⁶⁰ For Works contracts above the PCR2015 Threshold for Goods/Services but below the PCR2015 Threshold for Works the standard Selection Questionnaire or the PAS91 questionnaire can be used.

⁶¹ Where the contract value is £25,000 or over, and you advertise an opportunity in any way (including on the Council website or Social Media accounts), then you **MUST** place an advert on Contracts Finder via the Council's e-tendering system. This does not include where you call off from one of the Council's Framework Agreements, Third-Party Framework Agreements, Dynamic Purchasing Systems (Council or Third-Party).

⁶² Applies whether the award is a result of an RFQ / ITT (or other procedure), use of a Framework Agreement or DPS (Council or Third Party)

E5. Procurement above the PCR2015 Thresholds

- E5.1 You **MUST** seek the support of Procurement Team **BEFORE** you undertake any procurement that is above the PCR2015 Threshold (even when planning on using a Third-Party Framework Agreement).
- E5.2 Below are listed the main choices of procurement procedure and the other routes available when carrying out a procurement activity above the PCR2015 Threshold where a Third-Party Framework Agreement is not being used.
- E5.3 Main Choices of Procedure:
 - E5.3.1 Open Procedure
 - E5.3.2 Restricted Procedure
- E5.4 Other Procedures:
 - E5.4.1 Competitive Procedure with Negotiation
 - E5.4.2 Competitive Dialogue
 - E5.4.3 Innovation Partnership
 - E5.4.4 Negotiated Procedure without Prior Publication
- E5.5 Techniques:
 - E5.5.1 Framework Agreements
 - E5.5.2 Dynamic Purchasing Systems
 - E5.5.3 Electronic Auctions
 - E5.5.4 Electronic Catalogues
- E5.6 Lots:
 - E5.6.1 If you do not divide the Contract up into lots, you **MUST** explain why in the Contract Notice or procurement documents.

E6. Use of “Variant Bids”

- E6.1 In certain circumstances, you may want Tenderers to be able to submit “variant bids” in addition to a main Tender Submission which is wholly compliant with the published specification. In order to allow this, the Contract Notice (where used) and RFQ/ITT must state the minimum requirements to be met by the variants and specific requirements for their submission.
- E6.2 You **MUST** ensure that the award criteria can be applied to variants meeting those minimum requirements as well as to conforming wholly compliant Tenders which are not variants. Only variants meeting the minimum requirements laid down by the Council shall be taken into consideration.
- E6.3 If you are considering allowing variant bids you **MUST** seek guidance from the Procurement Team prior to any documents or adverts being published/issued.

E7. Capability & Financial Checks

- E7.1 You **MUST** ensure that any supplier interested in doing business with the Council has both the technical capability and the financial capacity to be able to perform the Contract.
- E7.2 Below PCR2015 Thresholds
 - E7.2.1 Below the PCR2015 Threshold you **MUST NOT** use a Selection Questionnaire (previously known as a pre-qualification questionnaire) to shortlist tenderers. You can ask “suitability assessment questions” that are

relevant to the subject matter of the contract and are proportionate. These can relate to minimum standards of suitability and capability. Template supplier questionnaires are available on the procurement team pages on the Council's Intranet (Brian).

E7.3 Above PCR2015 Thresholds

E7.3.1 Procurements above the PCR2015 Thresholds **MUST** use one of the procedures described in [section E5](#). This includes procedures which use a Selection Questionnaire (previously known as a pre-qualification questionnaire) to shortlist candidates before inviting Tenders.

E7.3.2 When using a Selection Questionnaire, you **MUST** use the Cabinet Office Standard Selection Questionnaire. This includes the government standard questions on financial standing.

E7.4 Financial Checks

E7.4.1 For all contracts over £10,000 you **MUST** obtain a credit check from the Finance Team. For all contracts over £10,000 you **MUST** obtain a financial appraisal from the Finance Team; this will be tailored to each contract dependent upon value, supplier stability, market maturity and financial risks.

E8. Evaluation Criteria

E8.1 When carrying out a procurement activity above PCR2015 Threshold, you **MUST** include the evaluation criteria and the weightings on the Contract Notice itself, or in the procurement documents. This means that you **MUST** have agreed the evaluation criteria for the procurement activity before the Contract Notice is issued.

E8.2 The Council considers it good practice to apply this rule ([E8.1](#) above) to all procurement activities, whether or not above the PCR2015 Threshold.

E8.3 Evaluation **MUST** be based on the "Most Economically Advantageous Tender" approach. This can be made up of criteria such as:

E8.3.1 price or cost (including using life-cycle costing)

E8.3.2 the best price-quality ratio (considering qualitative, environmental and/or social aspects linked to the subject matter of the Contract), including:

8.3.2.1 quality - technical merit, aesthetic and functional characteristics, accessibility, design for all users, social, environmental and innovative characteristics and trading and its conditions;

8.3.2.2 organisation, qualification and experience of staff assigned to performing the Contract (where this can have a significant impact on the level of the performance of the Contract);

8.3.2.3 after-sales service and technical assistance, delivery conditions such as delivery date, process and period, or period of completion.

E8.4 Template scoring matrices are available on the procurement team pages on the Council's Intranet (Brian).

E9. Return of submissions

E9.1 Regardless of value, you must treat all submissions received from suppliers fairly and in a non-discriminatory manner.

E9.2 Where permitted in the Procurement Pathways, you may receive submissions via email. You must keep these secure and ensure that no information is shared with other bidders as a result of receiving a submission ahead of the agreed deadline.

- E9.3 When using the Council's e-tendering system, you **MUST** follow the process as set out in the system and any guidance as detailed on the Procurement Pages of the Council's intranet site (Brian).
- E9.4 In special circumstances it may be permissible to receive Submissions in hard-copy (either in full or in half) – you **MUST** seek advice and approval from the Procurement Manager in advice of starting any procurement activity that may require this adaption.

E10. Late Submissions

E10.1 Submissions made after the stated response deadline **MUST** be referred to the Procurement Manager for review. Submissions received after the deadline will usually only be accepted in exceptional circumstances if the procurement activity is below the PCR2015 Threshold and

E10.1.1 the other Submissions have not been opened and there is no material advantage given to the supplier is accepting the late Submission; or

E10.1.2 there has been a failure of the Council's e-tendering system; or

E10.1.3 the failure to comply is the fault of the Council; or

E10.1.4 Other justifiable reason as authorised by the Procurement Manager.

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Section F. Contract Award & Implementation Stage

F1. Contract Award Recommendation Report

- F1.1. For all procurement activities between £10,000 and the PCR2015 Thresholds, a Contract Award Recommendation Report **MUST** be completed and signed by the appropriate Officer(s).

F2. Regulation 85 Contract Award Recommendation Report

- F2.1. For all procurement activities above the PCR2015 Thresholds a Regulation 85 Contract Award Recommendation Report **MUST** be completed and signed by the appropriate Officer(s).

F3. Approval to Award the Contract

- F3.1. The Contract Award Report / Regulation 85 Contract Award Report **MUST** be formally approved by the appropriate Officer or Council Member as detailed in [Appendix 1 Approval Pathways](#). In certain circumstance this may require for formal Member Decision, Cabinet Report or Council Report to be undertaken. Please seek guidance from Democratic Services in relation to timescales and report formats.

F4. Notifying Suppliers

- F4.1. Once the appropriate approval to award has been obtained, you can then notify the suppliers or the outcome of your procurement activity.
- F4.2. There are strict rules for above PCR2015 Threshold procurements on how to debrief suppliers including a Mandatory 10-day Standstill Period prior to confirming Contract award. You **MUST** liaise with the Procurement Team when undertaking this activity due to the detailed legal requirements involved.
- F4.3. If the supplier requests a face to face debrief, it is normal and courteous to do this where the Contract is complex, of high value and/or has taken a long time to complete, so long as you do so in a transparent and non-discriminatory way.
- F4.4. For all below PCR2015 Threshold procurement processes it is recommended to provider suppliers with feedback on their Quotation/Tender Submission – see the procurement pages on the Council's Intranet (Brian) for guidance and template letters.

F5. Publications

- F5.1. For Contracts above the PCR2015 Thresholds, you **MUST** submit a Contract Award Notice to be published on the FTS Service, this can be done via the Council's e-tendering system.
- F5.2. For Contracts above £25,000 you **MUST** submit a Contract Award Notice to be published on Contracts Finder this can be done via the Council's e-tendering system.
- F5.3. You **MUST** update the Contract Register; if you have used the Council's e-tendering system this can be done directly, if not submit a request via the link on the procurement pages on the Council's Intranet (Brian).
- F5.4. You **MUST** file documents in line with the Council's Document Retention Policy (see [Appendix 4 Document Retention](#)).

F6. Contract Signing and Sealing

F6.1. Once the supplier(s) have been notified of the outcome of the procurement activity, and any mandatory Standstill period has expired without challenge, you can proceed to signing and or sealing the Contract(s).

F6.2. There are two ways in which a Contract can be executed ('signed'):

F6.2.1. **Simple Contract** – not executed as a deed, statutes of limitations⁶³ lasts for 6 years after the end of the Contract.

F6.2.2. **Sealed as a Deed** – executed as a deed, statutes of limitations lasts for 12 years after the end of the Contract.

F6.2.3. The table below details when you can use each approach based on contract value. Where the option to either sign or seal is available, you **MUST** seek guidance with the Procurement Team or the Democratic Services Team as to which approach is most appropriate.

Maximum Contract Value	Simple Contract		Sealed as a Deed	
Under £1,000	Yes	Signed by Budget Manager ⁶⁴	No	N/A
£1,000 to £9,999	Optional		Optional	Made under Common Seal attested by 1x Officer and 1x Cabinet Member
£10,000 to £74,999	Optional	Signed by Head of Service	Optional	
£75,000 to PCR2015 Threshold*	Optional	Signed by Head of Service and 1x Other ⁶⁵	Optional	
Above PCR2015 Threshold*	No	N/A	Yes	

* The PCR2015 Threshold for Goods/Services applies for all contract types (goods, services and works) for this table.

⁶³ The statute of limitations is the timescale within which any legal challenge can be brought in relation to the Contract.

⁶⁴ The Budget Manager must have the correct Authorised Signatory level in place – these can be checked on the Council Intranet (Brian)

⁶⁵ Other – can be another Head of Service or the Chief Executive

F7. The Council's Contract Register

- F7.1. The Council's Contract Register is available through the Council's e-tendering system and records and stores information on the Council's Contracts.
- F7.2. It provides:
 - F7.2.1. key information to Officers on existing current and expired Contracts;
 - F7.2.2. limited information to the general public (including start and end dates, Contract value, and key contact details);
 - F7.2.3. information on Contracts to allow Officers to retender in good time.

F8. Recording Contracts on the Contract Register

- F8.1. Recording of Contracts on Contract Register is mandatory for all Contracts valued above £5,000 (unless an exemption is applicable) in line Local Government Transparency Regulations.
- F8.2. It is recommended that any Contract regardless of value, where a formal contract is used (instead of only a Purchase Order), is recorded on the Contract Register.
- F8.3. You **MUST** keep the information on Contract Register up to date, for example if:
 - F8.3.1. a Contract is extended;
 - F8.3.2. the key contact for a Contract changes (e.g. if an Officer leaves).
- F8.4. In order to add a record to the Contracts Register or amend a record please contact the Procurement Team for support.

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Section G. Contract Management Stage

G1. General

G1.1. The level of contract management appropriate for each Contract will vary dependent upon the value, term, risk and complexity of the Contract. The table below provides guidance as to the level needed based on value alone as a guide:

Contract Value	Contract Management
Under £10,000	Level 1 – light touch; ensure contract is delivering what was agreed; address any concerns in a timely fashion; monitor any KPIs
£10,000 to £74,999	Level 2 – ensure contract is delivering what was agreed; periodic meetings if appropriate; address any concerns in a timely fashion; monitor any KPIs
£74,999 to PCR2015 Threshold	Level 3 – monitor that the contract is delivering what was agreed; regular minuted meetings; agree action plans for improvements; monitor any KPIs
Above PCR2015 Threshold	Level 4 - monitor that the contract is delivering what was agreed; regular minuted meetings; agree action plans for improvements; monitor any KPIs;

G1.2. Specifically in relation to works contracts, 'snagging' must be identified and signed off by the Council before moving to formal final completion which will begin any defect liability period.

G1.3. Following contract award you **MUST** put into place the agreed contract management controls and measures as per the Contract. You **MUST** review the Contract regularly to ensure the Contract achieves its objectives and future benefits.

G1.4. You **MUST** establish processes for recording the receipt of goods and progress of work, reviewing performance reports etc.

G1.5. You **MUST** put in place both formal and informal communications to manage the relationship, as appropriate.

G1.6. During the term of the contract you should capture the views of the service users/interested stakeholders, including feedback to them on the service performance, so that this can be shared with the supplier as necessary and, in cases of negative feedback, any improvement actions agreed.

G2. Reviews

G2.1. You **MUST** undertake regular reviews of the Contract to ensure that it is still achieving the objectives and goals as identified at pre-procurement stage as well as the requirements in the contract documentation.

G2.2. You **MUST** monitor and report on any Social Value requirements included within the Contract.

G3. Continuous Improvement

- G3.1. You should review your success against your original plans, i.e. did you achieve the outcomes you set out to achieve and do you understand what contributed to or prevented success?
- G3.2. You should share your learning with colleagues, service users and stakeholders to ensure you are continuously improving your processes and skills.
- G3.3. Reflect on the views of service users/stakeholders when reviewing whether the commissioning and procurement plans were successful.

G4. Contract Extensions and Variations/Amendments

- G4.1. Contract extensions and or variations / amendments can only happen in particular circumstances where they are already allowed for within the Contract or where they do not amount to a change of requirement.
- G4.2. You **MUST** contact the Procurement Team before proceeding with any contract extensions, variation or amendment.

G5. Contract Extensions

- G5.1.1. If an extension clause has been included in the Contract, then it is permissible to extend but this should only be done if it represents value for money to extend and if the performance of the supplier warrants it.
- G5.1.2. For below PCR2015 Threshold Contracts where there isn't an option to extend the contract included, it is possible to seek approval from the appropriate Officer / Council Member (see [Appendix 1 Approval Pathways](#) for further details) to extend the contract where it is possible to demonstrate it is value for money and the performance of the supplier warrants it.
- G5.1.3. It is not possible to extend an above PCR2015 Threshold Contract where an extension clause has not been included.
- G5.1.4. A formal contract extension must be issued, unless detailed otherwise in the Contract.
- G5.1.5. You **MUST** seek support from the Procurement Team in order to carry out the extension.

G6. Contract Variations

- G6.1.1. Contract variations are risky and can trigger the need for a new procurement exercise. For above PCR2015 Thresholds, the Regulations set out the changes that can be made to a Contract which has a contract value above the PCR2015 Thresholds.
- G6.1.2. Where a contract variation is sought, the appropriate Officer / Council Member must provide approval (see [Appendix 1 Approval Pathways](#) for further details).
- G6.1.3. When considering a contract variation for a capital project, you **MUST** refer to the section in the Finance Procedure rules on capital programmes and ensure those regulations are adhered to.
- G6.1.4. You **MUST** seek advice from the Procurement Team before making any Contract variation.

G7. Contract Termination

- G7.1. Early termination **MUST** be approved by the Head of Service, Head of Finance and Procurement (S151 Officer) and Procurement Manager. It is important to note that some Contracts may carry financial consequences to early termination.
- G7.2. Contracts may be terminated early by agreement prior to the expiry date of the Contract and in accordance with the termination provisions set out in the Contract.

G8. Transferring a Contract between parties (novation)

- G8.1. During the term of a Contract, either party may wish to transfer their rights and obligations to another party. This is called novation. It can occur where one supplier is acquired by another supplier (e.g. a takeover) or where a supplier is dividing up into several companies to form a group.
- G8.2. It is important to make sure that any novation is undertaken in line with the Contract and documented accordingly.
- G8.3. If you are approached by a supplier in relation to a novation – or if they inform you that they have been taken over or changing their name, you **MUST** liaise with the Procurement Team and or the Legal Team for advice.
- G8.4. A formal deed of novation **MUST** be completed before the transfer of rights takes place if the Council agrees to the change.

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Appendix 1. Approval Pathways

'**Budget Manager**' in the tables below means the officer assigned responsibility to manage the income and expenditure for a defined cost centre

'**MTFS**' – Medium Term Financial Strategy. Please liaise with the Finance Team to confirm if a contract falls within the approved version

Cabinet Member Approval / Head of Service Approval /Budget Manager Approval must be in writing

Cabinet Member Decision – formal process with decision notice published and subject to 5 day call-in period; must also have been published on the Forward Plan

IMPORTANT NOTES:

Cabinet Member Decisions, Cabinet Reports and Council Reports will need to be added to the Forward Plan at least 28 days before the decision date. For more information please liaise with the Governance & Performance Team.

Estimated Contract Value - under £75,000

Pre-Procurement - Approval to commence the process		
Maximum estimated contract value (including any options to extend) and must be within the approved MTFS budget parameters		
Under £1,000	£1,000 - £9,999	£10,000 - £74,999
Budget Manager Approval	Budget Manager Approval	Head of Service Approval
If the contract is NOT within the budget parameters of the approved MTFS then a report to Cabinet with recommendations to Council to approve a supplementary budget is required before progressing with the procurement activity		
If as a result of the procurement process the maximum estimated contract value is greater than initially expected, you MUST liaise with the Procurement Team before proceeding as a different procurement and or approval pathway may be required		
Post-Procurement - Approval to award the contract		
Contract value remains within the same threshold banding as identified at pre-procurement stage and is still within the budget parameters of the approved MTFS		
Under £1,000	£1,000 - £9,999	£10,000 - £74,999
Budget Manager Approval	Budget Manager Approval	Head of Service Approval
If the contract value is <u>now</u> above £75,000 but is <u>within</u> the budget parameters of the approved MTFS a Cabinet Member Decision is required (unless it is a policy decision where Cabinet approval will be required) you MUST liaise with the Procurement Team if this circumstance applies		

...Estimated Contract Value - under £75,000 cont.

Contract Extensions / Variations					
Did the maximum estimated contract value include the proposed extension / variation?					
Yes		No			
		Add together the maximum estimated contract value and the value of the extension/variation (= new maximum estimated contract value) (further information on estimating contract values can be found at section D5)			
Maximum estimated contract value remains under £75,000 and still <u>within</u> the approved MTFS budget parameters	Maximum estimated contract value remains under £75,000 but now <u>outside</u> the approved MTFS budget parameters	New maximum estimated contract value remains under £75,000 and still <u>within</u> the approved MTFS budget parameters	New maximum estimated contract value remains under £75,000 but now <u>outside</u> the approved MTFS budget parameters	New maximum estimated contract value between £75,000 - £399,999 and still <u>within</u> the approved MTFS budget parameters	New maximum estimated contract value between £75,000 - £399,999 but now <u>outside</u> the approved MTFS budget parameters
Head of Service Approval	Report to Cabinet with recommendations to Council to approve a supplementary budget and contract extension / variation is required before progressing	Head of Service Approval	Report to Cabinet with recommendations to Council to approve a supplementary budget and contract extension / variation is required before progressing	Cabinet Member Decision is required (unless a policy decision where Cabinet approval is needed) you MUST liaise with the Procurement Team if this circumstance applies	Report to Cabinet with recommendations to Council to approve a supplementary budget and contract extension / variation is required before progressing

Estimated Contract Value - £75,000 to £399,999

Pre-Procurement - Approval to commence the process	
Maximum estimated contract value (including any options to extend) must be within the approved MTFS budget parameters	
£75,000 to £399,999	
Was the contract included in the Annual Future Procurement Plan and approved by Cabinet?	
Yes	No
Approval to commence already in place – no further action needed	Cabinet Member Approval
If the contract is NOT within the budget parameters of the approved MTFS then a report to Cabinet with recommendations to Council to approve a supplementary budget is required	

If as a result of the procurement process the maximum estimated contract value is greater than initially expected, you **MUST** liaise with the Procurement Team before proceeding as a different procurement and or approval pathway may be required

...Estimated Contract Value - £75,000 to £399,999 cont.

Post-Procurement - Approval to commence the process	
Contract value remains within the same threshold banding as identified at pre-procurement stage and is still within the budget parameters of the approved MTFS	
£75,000 to £399,999*/**	
Was the contract included in the Annual Future Procurement Plan and approved by Cabinet?	
Yes	No
Cabinet Member Decision	Cabinet Member Decision
<p>*If the contract value is <u>now above</u> £399,999 but is <u>within</u> the budget parameters of the approved MTFS Cabinet approval is needed – you MUST liaise with the Procurement Team if this circumstance applies</p> <p>**If the contract value is <u>now above</u> £399,999 and <u>outside</u> the budget parameters of the approved MTFS a report to Cabinet with recommendations to Council to approve a supplementary budget is needed – you MUST liaise with the Procurement Team if this circumstance applies</p>	

...Estimated Contract Value - £75,000 to £399,999 cont.

Contract Extensions / Variations					
IMPORTANT – You <i>MUST</i> liaise with the Procurement Team if the contract value was or is now above the PCR2015 Thresholds before proceeding					
Did the maximum estimated contract value include the proposed extension / variation?					
Yes		No			
		Add together the maximum estimated contract value and the value of the extension/variation (=new maximum estimated contract value)			
Maximum estimated contract value remains £75,000 - £399,999 and still <u>within</u> the approved MTFS budget parameters	Maximum estimated contract value remains £75,000 - £399,999 but now <u>outside</u> the approved MTFS budget parameters	New maximum estimated contract value remains £75,000 - £399,999 and still <u>within</u> the approved MTFS budget parameters	New maximum estimated contract value remains £75,000 - £399,999 but now <u>outside</u> the approved MTFS budget parameters	New maximum estimated contract value £400,000 and above but still <u>within</u> the approved MTFS budget parameters	New maximum estimated contract value £400,000 and above but now <u>outside</u> the approved MTFS budget parameters
Cabinet Member Approval	Report to Cabinet with recommendations to Council to approve a supplementary budget and contract extension / variation is required before progressing You <i>MUST</i> liaise with the Procurement Team if this circumstance applies	Cabinet Member Decision is required (unless a policy decision where Cabinet approval is be needed) You <i>MUST</i> liaise with the Procurement Team if this circumstance applies	Report to Cabinet with recommendations to Council to approve a supplementary budget and contract extension / variation is required before progressing You <i>MUST</i> liaise with the Procurement Team if this circumstance applies	Cabinet Approval	Report to Cabinet with recommendations to Council to approve a supplementary budget and contract extension / variation is required before progressing You <i>MUST</i> liaise with the Procurement Team if this circumstance applies

Estimated Contract Value - £400,000 and above

Pre-Procurement - Approval to commence the process	
Maximum estimated contract value (including any options to extend) must be within the approved MTFS budget parameters	
£400,000 and above	
Was the contract included in the Annual Future Procurement Plan and approved by Cabinet?	
Yes	No
Approval to commence already in place – no further action needed	Cabinet Approval
If the contract is NOT within the budget parameters of the approved MTFS then a report to Cabinet with recommendations to Council to approve a supplementary budget is required.	
If as a result of the procurement process the maximum estimated contract value is greater than initially expected, you MUST liaise with the Procurement Team before proceeding as a different procurement and or approval pathway may be required.	
Post-Procurement - Approval to commence the process	
Contract value remains within the same threshold banding as identified at pre-procurement stage and is still within the budget parameters of the approved MTFS	
£400,000 and above	
Was the contract included in the Annual Future Procurement Plan and approved by Cabinet?	
Yes	No
Cabinet Member Decision	Cabinet Approval (unless Pre-Procurement Cabinet Report delegation the approval to award to the Cabinet Member; if so, a Cabinet Member Decision is required)
If the contract value is now outside the budget parameters of the approved MTFS a report to Cabinet with recommendations to Council to approve a supplementary budget is needed – you MUST liaise with the Procurement Team if this circumstance applies	

...Estimated Contract Value - £400,000 and above cont.

Contract Extensions / Variations			
IMPORTANT – You MUST liaise with the Procurement Team if the contract value was or is now above the PCR2015 Thresholds before proceeding			
Did the maximum estimated contract value include the proposed extension / variation?			
Yes		No	
		Add together the maximum estimated contract value and the value of the extension/variation (=new maximum estimated contract value)	
Maximum estimated contract value still <u>within</u> the approved MTFS budget parameters	Maximum estimated contract value now <u>outside</u> the approved MTFS budget parameters	New maximum estimated contract value still <u>within</u> the approved MTFS budget parameters	New maximum estimated contract value now <u>outside</u> the approved MTFS budget parameters
Cabinet Member Approval	<p>Report to Cabinet with recommendations to Council to approve a supplementary budget and contract extension / variation is required before progressing</p> <p>You MUST liaise with the Procurement Team if this circumstance applies</p>	<p style="text-align: center;">Cabinet Approval</p> <p>You MUST liaise with the Procurement Team if this circumstance applies</p>	<p>Report to Cabinet with recommendations to Council to approve a supplementary budget and contract extension / variation is required before progressing</p> <p>You MUST liaise with the Procurement Team if this circumstance applies</p>

Appendix 2. Contract Minimum Requirements

Procurement Pathway Contract Value	Minimum purchasing requirements	Minimum contract requirements	Enter on Future Procurement Plan	Use of council e-tendering system⁶⁶	Enter on contract register / contract award notice
Pathway One Under £1,000	Use Corporate Contract OR seek VFM ⁶⁷ and apply Think Local approach	Purchasing card OR Purchase Order (the Council's General T&Cs of Purchase)	No	Optional	Contracts register: No Contract Award Notice: No
Pathway Two £1,000 to £4,999	Procurement Initiation Plan if complex, high risk or includes personal data Use Corporate Contract OR Use Third-Party Framework Agreement OR Seek VFM and apply Think Local approach Minimum of 2 written Quotes	Purchase Order (the Council's General T&Cs of Purchase) OR Specialist T&Cs especially if personal data involved or consultancy	Optional	Optional	Contracts register: No Contract Award Notice: No
Pathway Three £5,000 - £9,999	Procurement Initiation Plan if complex, high risk or includes personal data Use Corporate Contract OR	Contract award Recommendation required Purchase Order (the Council's General T&Cs of Purchase) OR	Optional	Optional	Contracts register: Yes Contract Award Notice: No

⁶⁶ If you are using a Third-Party Framework Agreement / DPS any they require you to use their system then this takes priority over using our e-tendering system

⁶⁷ VFM means Value for Money

Procurement Pathway Contract Value	Minimum purchasing requirements	Minimum contract requirements	Enter on Future Procurement Plan	Use of council e-tendering system ⁶⁶	Enter on contract register / contract award notice
	Use Third-Party Framework Agreement OR Seek VFM and apply Think Local approach Minimum of 2 written Quotes	Specialist T&Cs especially if personal data involved or consultancy			
Pathway Four £10,000 - £74,999	Procurement Initiation Plan required MUST liaise with Procurement Team Use Corporate Contract OR Use Third-Party Framework Agreement OR Seek VFM, apply Think Local approach and Social Value policy Minimum of 3 written quotations via RFQ	Contract award Recommendation required Purchase Order AND Standard / Specialist T&Cs especially if personal data involved or consultancy AND MUST use e-Signature system	Optional	Under £25,000: Optional £25,000 and above: Mandatory	Contracts register: Yes Contract Award Notice: Under £25,000: No £25,000 and above: Yes
Pathway Five £75,000 – PCR2015 Threshold	Procurement Initiation Plan required MUST liaise with Procurement Team Use Corporate Contract OR Use Third-Party Framework Agreement	Contract award Recommendation required Purchase Order AND Standard / Specialist T&Cs especially if personal data involved or consultancy AND	Mandatory	Mandatory	Contracts register: Yes Contract Award Notice: Yes

Procurement Pathway Contract Value	Minimum purchasing requirements	Minimum contract requirements	Enter on Future Procurement Plan	Use of council e-tendering system ⁶⁶	Enter on contract register / contract award notice
	<p>OR</p> <p>Seek VFM, apply Think Local approach and Social Value policy</p> <p>Minimum of 3 written tenders via ITT</p>	<p>MUST use e-Signature system</p>			
<p>Pathway Six Above PCR2015 Threshold</p>	<p>Procurement Initiation Plan required</p> <p>MUST liaise with Procurement Team</p> <p>Use Corporate Contract</p> <p>OR</p> <p>Use Third-Party Framework Agreement</p> <p>OR</p> <p>Seek VFM, apply Think Local approach, Social Value policy and adhere to Regulations</p> <p>Use appropriate procedures as per Regulations</p>	<p>Reg 85 Contract award Recommendation required</p> <p>Purchase Order</p> <p>AND</p> <p>Standard / Specialist T&Cs especially if personal data involved or consultancy</p> <p>AND</p> <p>MUST use e-Signature system</p>	Mandatory	Mandatory	<p>Contracts register: Yes</p> <p>Contract Award Notice: Yes</p>
<p>Pathway Severn Light Touch Regime – above PCR2015 Threshold</p>	<p>Procurement Initiation Plan required</p> <p>MUST liaise with Procurement Team</p> <p>Use Corporate Contract</p> <p>OR</p> <p>Use Third-Party Framework Agreement</p>	<p>Reg 85 Contract award Recommendation required</p> <p>Purchase Order</p> <p>AND</p> <p>Standard / Specialist T&Cs especially if personal data involved or consultancy</p> <p>AND</p>	Mandatory	Mandatory	<p>Contracts register: Yes</p> <p>Contract Award Notice: Yes</p>

Procurement Pathway Contract Value	Minimum purchasing requirements	Minimum contract requirements	Enter on Future Procurement Plan	Use of council e-tendering system ⁶⁶	Enter on contract register / contract award notice
	<p style="text-align: center;">OR</p> <p>Seek VFM, apply Think Local approach, Social Value policy and adhere to Regulations Use appropriate procedures as per Regulations</p>	<p>MUST use e-Signature system</p>			

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Appendix 3. Procurement Thresholds & Timescales⁶⁸

TYPE OF CONTRACT	THRESHOLD 01/01/2020 - 31/12/2021
Works Contracts and Concession Contracts	£4,733,252
Supplies and/or (most) Services (for Local Government)	£189,330
Social and other specific Services (Light Touch Regime applies)	£663,540
Small Lots – Works	£884,720
Small Lots – Supplies / Services	£70,778

Procedure	Selection stage	Tender stage	If electronic tender used	Tender following PIN	Tender by agreement	Urgency
Open Procedure	N/A	35 days	30 days	15 days	N/A	15 days
Restricted Procedure	30 days	30 days	25 days	10 days	At least 10 days	15/10 days
Competitive Procedure with Negotiation	30 days	30 days	25 days	10 days	At least 10 days	15/10 days
Competitive Dialogue	30 days	N/A	N/A	N/A	N/A	N/A

The timeframes above are **MINIMUM** number of days from date the notice is sent. It is recommended you allow 3 extra days to allow for notice publication.

⁶⁸ The UK Government will review these thresholds in 2021 – any amendments will be provided in an update to these CPRs

Appendix 4. Document Retention Guidelines

Retention Classification	Retention Period
Contracts under seal	12 years from Contract end This includes all Contract and related documents (specifications, drawings, certificates, Contract instructions and all relevant correspondence including ITTs, Tender Submissions etc.)
Contracts not under seal	6 years from Contract end This includes all Contract and related documents (specifications, drawings, certificates, Contract instructions and all relevant correspondence including ITTs, Tender Submissions etc.)
Unsuccessful Tenders and Quotes	3 years or length of contract (whichever is longer) from the award of Contract
Abandoned Tenders and Quotes	3 years from the date of abandonment
Purchase files	MUST be kept up to date at all times within the Council's e-tendering system and Contract Register

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Appendix 5. Exemption to CPRs

1. Contracts below the PCR2015 Thresholds

- 1.1. Specific Officers may approve exemptions to these CPRs (to the extent that it is lawfully able to do so) in genuinely urgent situations and/or where there is a sound legal, financial or Value for Money reason (see [section 4](#) below).
- 1.2. A CPR Exemption Form **MUST** be completed and submitted for approval to the relevant Officer.
- 1.3. The CPR Exemption Form is available via a link on the procurement pages on the Council's Intranet (Brian).
- 1.4. The following are considered acceptable reasons for seeking an exemption:
 - 1.4.1. quantifiable and significant cost and efficiency savings can be achieved through seeking an alternative route;
 - 1.4.2. reasons of extreme urgency mean that normal time limits cannot be met, including as a result of unforeseen emergency or disruption to Council services;
 - 1.4.3. the Council would otherwise be exposed to immediate and significant financial, legal or reputational risk that has been identified in the relevant risk register;
 - 1.4.4. only one Contractor is objectively able to provide the works, services or supplies in question, for example where the supplier has exclusive Intellectual Property, artistic or other rights, is a monopoly or where the goods bought are for re-sale (in which case the exemption **MUST** be to the number of Quotes / Tenders that are sought);
 - 1.4.5. additional or new services, supplies or works are required which, through unforeseen circumstances, were not included in an existing Council Contract and are necessary for the completion of the Contract and/or cannot be carried out separately.
 - 1.4.6. new works or services/supplies are required which are a repetition of works, services/supplies carried out under the original Contract, provided they are required within 1 year of the original Contract.
 - 1.4.7. goods are required as a partial replacement for or addition to existing goods or installations and obtaining them from another source would result in incompatibility or disproportional technical difficulties in operation or maintenance.
 - 1.4.8. the Council has the benefit of a Local Authority Controlled Company under regulation 12 of the Regulations, and exercises over the company concerned a control which is similar to that which it exercises over its own departments and, at the same time, that company carries out the essential part of its activities with the Council's control.
 - 1.4.9. Any other circumstances deemed eligible by the Head of Finance & Procurement (S151 Officer) and Procurement Manager.

2. Contracts above the PCR2015 Thresholds

- 2.1. It is illegal to use an exemption when the value of the Contract is above the PCR2015 Threshold. You may need to consider other procurement routes, for example, using a Third-Party Framework Agreement or using the Accelerated procedures as permitted within the Regulations.

3. Use of exempt organisations or establishment of shared services

- 3.1. Where the Council has the option to use an exempt organisation, for example one that falls under the “Teckal”⁶⁹ or “Hamburg”⁷⁰ provisions or establishing a shared service with another local government authority, and it is identified as the preferred route as a result of the Procurement Initiation Plan, cost comparison and bench-marking, then a CPR exemption is automatically applied so long as it presents the value for money and meets the requirements of the procurement and is approved by the Head of Finance & Procurement (S151 Officer) and Procurement Manager.

4. Approval of CPR Exemption Forms

- 4.1. The table below details who is authorised to approve a CPR Exemption:

Estimated Maximum Contract Value	Approved by
Under £10,000	Procurement Manager ⁷¹
£10,000 - £74,999	Head of Finance & Procurement (S151 Officer) ⁷²
£75,000 – PCR2015 Threshold	<u>Within MTFS budget parameters:</u> Chief Executive ⁷³ in consultation with the Cabinet Member where appropriate <u>Outside of MTFS budget parameters:</u> Report to Cabinet with recommendations to Council to approve a supplementary budget and exemption is required

- 4.2. It is not possible to issue a CPR Exemption for contracts valued at over PCR2015 Thresholds. The Regulations do include procedures for use in urgent or emergency circumstances – you **MUST** liaise with the Procurement Team if this is applicable.

5. Reporting of CPR Exemptions

- 5.1. The Head of Finance & Procurement (S151 Officer) will report on an annual basis to the Audit & Member Standards Committee the details of the CPR Exemptions approved in the previous financial year.

⁶⁹ *Teckal Srl v Comune di Viano and Azienda Gas-Acqua Consorziale (AGAC) di Reggio Emilia (Case C-107/98) [1999] ECR I-8121* (Teckal). The Teckal principles have been codified in regulation 12 of the PCR2015 Regulations.

⁷⁰ *Commission v Germany (Case C-480/06) [2009] ECR I-4747 (Hamburg case)*. The Hamburg principles have been codified in regulation 12 of the PCR2015 Regulations.

⁷¹ In the absence of the Procurement Manager, the Head of Finance & Procurement (S151 Officer) or the Chief Executive can approve this level of CPR Exemption

⁷² In the absence of the Head of Finance & Procurement (S151 Officer) the Chief Executive can approve this level of CPR Exemption

⁷³ In the absence of the Chief Executive the Head of Finance & Procurement (S151 Officer) and the Monitoring Officer can jointly approve this level of CPR Exemption

Appendix 6. Part 4 of the Regulations

1. Below the PCR2015 Threshold - Using Contracts Finder to Advertise Contracts

- 1.1. If you are going to advertise an opportunity over the value of £25,000, then you **MUST** place an advert on Contracts Finder first via the Council's e-tendering system (or via Contracts Finder directly if agreed by the Procurement Manager) **BEFORE** you place any other adverts (including social media posts).
- 1.2. When you advertise on Contracts Finder, you **MUST** offer unrestricted and full direct internet access free of charge to any relevant Contract and procurement documents and specify in the notice the internet address where those documents can be accessed.

2. Selection Questionnaire

- 2.1. You **MUST NOT** use a Selection Questionnaire (previously known as a pre-qualification questionnaire) for Contracts below the PCR2015 Threshold unless it is for a Works contract which has a value of over the Goods/Services PCR2015 Threshold.
- 2.2. You can ask "suitability assessment" questions that are relevant to the subject matter of the procurement and are proportionate. These questions should relate to information and / or evidence you need to ensure that the candidate meet requirements and / or minimum standards for:
 - 2.2.1. suitability;
 - 2.2.2. legal status;
 - 2.2.3. financial standing.

3. Below the PCR2015 Threshold - Using Contracts Finder to Publish Contract Award Notices

- 3.1. You **MUST**, within 30 days of the contract being signed publish a Contract Award Notice via Contracts Finder for any Contract with a value over £25,000. This includes any call-off from a Framework Agreement or Third-Party Framework Agreement and DPS.

Appendix 7. Request for Quotation (RFQ) Process

1. The following RFQ process relates to **Step 5 of Pathway Four £10,000 - £74,999**

Starting from Step 5 of Pathway Four £10,000 - £74,999		
£10,000 - £24,999	£25,000 - £74,999	
Prepare RFQ pack Templates are available on the Procurement Team pages of the Council’s Internet (Brian) (See section 2 below for more information)		
Advertisement⁷⁴ Prepare information and decide on routes (including social media)		
Advertising on Contracts Finder is optional in addition to any other methods of advertising	You MUST advertise on Contracts Finder in addition to any other methods of advertising used	
Do you want to issue the RFQ using the Council’s e-tendering system ?		
YES	NO	MANDATORY
Use e-tendering system to issue RFQ (speak to Procurement Team)	Use email to issue the RFQ	Use e-tendering system to issue RFQ (speak to Procurement Team)
Publish advertisements (always publish Contracts Finder first)		
Issue RFQ packs to suppliers that request a copy (the e-tendering system can do this automatically)		
Answer any clarification questions received within deadline (see section 2.1 below for more information)		
Open responses once deadline has passed		
Conflict of Interest check needed where suppliers bidding not previously known (see section 3.3 below for more information)		
Carry out evaluation process keeping records of scores and reasoning (see section 5 below for more information)		
...return to Step 6 of Pathway Four £10,000 - £74,999		

⁷⁴ All opportunities are to be advertised unless agreed otherwise in advance by the Procurement Manager; if not being advertised, a closed list of suppliers will be invited to participate with at least 3 suppliers invited in line with the Think Local policy. The Conflict of Interest check is to be carried out before the RFQ packs are issued.

2. RFQ Pack

- 2.1. On the Procurement Team pages of the Council's Intranet (Brian) there are RFQ Pack templates for use in this level of procurement activity. They will provide you with the standard questionnaire templates as well as an instructions and specification document. You **MUST** use these templates, following any guidance documents provided, unless the Procurement Manager agrees otherwise in advance (in writing).

3. Clarification Questions

- 3.1. During the time when the RFQ is 'live' suppliers are able to ask clarification questions in relation to the procurement activity (we suggest you include a deadline after which questions cannot be asked). You **MUST** keep a record of the questions asked and the answers provided (the e-tendering system will do this for you automatically). Where a supplier asks a question where the answer is relevant to all suppliers, then you **MUST** anonymise the question (removing any information or data that may identify who asked it) and then share both the question and answer with all suppliers.
- 3.2. When you are running an open process (i.e. where any supplier during the timescale stated can get a copy of the RFQ documents and submit a response) it is recommended to keep a Q&A log (anonymised) that can be shared with suppliers when they request the RFQ pack to ensure that information is shared fairly regardless of when a supplier requests the pack.
- 3.3. If you are in any doubt as to whether a question should be shared or not, please seek advice from the Procurement Team.

4. Conflict of Interest Check

- 4.1. You **MUST** carry out a conflict of interest check with all officers (and any third-parties or Council Members) that will be involved in the procurement process (including evaluation stage) **AFTER** the submissions have been received but **BEFORE** any evaluation is undertaken. If any conflicts (potential, perceived or actual) identified then you must follow the process detailed at [section B4](#).
- 4.2. Where a closed supplier list procedure has been approved by the Procurement Manager the Conflict of Interest check **MUST** be carried out **BEFORE** the RFQ packs are issued to suppliers. If any conflicts (potential, perceived or actual) identified then you must follow the process detailed at [section B4](#).

5. Evaluation

- 5.1. You will need to undertake the evaluation process for each submission received in a fair and non-discriminatory manner. You will need to complete a marking sheet (templates are available on the Procurement Team pages on the Council's Intranet (Brian) – you may need to adjust them to meet the criteria used for your procurement activity). You **MUST** ensure that there are supporting comments for all scores provided and records kept in line with the document retention rules at [Appendix 4 Document Retention Guidelines](#).

Appendix 8. Invitation to Tender (ITT) Process

- 1. The following ITT process relates to **Step 5 of Procurement Pathway Five £75,000 to PCR2015 Threshold.**

Starting from Step 5 of Pathway Five £75,000 – PCR2015 Threshold...
Prepare ITT pack Templates are available on the Procurement Team pages of the Council’s Internet (Brian) (See section 2 below for more information)
Advertisement⁷⁵ Prepare information and decide on routes (including social media)
You MUST advertise on Contracts Finder in addition to any other methods of advertising used
Use the Council’s e-tendering system to run the process
Answer any clarification questions received within deadline (see section 2.1 below for more information)
Open responses once deadline has passed
Conflict of Interest check needed where suppliers bidding not previously known (see section 3.3 below for more information)
Carry out evaluation process keeping records of scores and reasoning (see section 4.1 below for more information)
...Return to Step 6 of Pathway Five £75,000 – PCR2015 Threshold

2. ITT Pack

- 2.1. On the Procurement Team pages of the Council’s Intranet (Brian) there are ITT Pack templates for use in this level of procurement activity. They will provide you with the standard questionnaire templates as well as an instructions and specification document. You **MUST** use these templates, following any guidance documents provided, unless the Procurement Manager agrees otherwise in advance (in writing).

3. Clarification Questions

- 3.1. During the time when the ITT is ‘live’ suppliers are able to ask clarification questions in relation to the procurement activity (we suggest you include a deadline after which questions cannot be asked). You **MUST** keep a record of the questions asked and the answers provided (the e-tendering system will do this for you automatically). Where a

⁷⁵ All opportunities are to be advertised unless agreed otherwise in advance by the Procurement Manager; if not being advertised, a closed list of suppliers will be invited to participate with at least 3 suppliers invited in line with the Think Local policy. The Conflict of Interest check is to be carried out before the RFQ packs are issued.

supplier asks a question where the answer is relevant to all suppliers, then you **MUST** anonymise the question (removing any information or data that may identify who asked it) and then share both the question and answer with all suppliers.

3.2. When you are running an open process (i.e. where any supplier during the timescale stated can get a copy of the ITT documents and submit a response) it is recommended to keep a Q&A log (anonymised) that can be shared with suppliers when they request the ITT pack to ensure that information is shared fairly regardless of when a supplier requests the pack.

3.3. If you are in any doubt as to whether a question should be shared or not, please seek advice from the Procurement Team.

4. **Conflict of Interest Check**

4.1. You **MUST** carry out a conflict of interest check with all officers (and any third-parties or Council Members) that will be involved in the procurement process (including evaluation stage) **AFTER** the submissions have been received but **BEFORE** any evaluation is undertaken. If any conflicts (potential, perceived or actual) identified then you must follow the process detailed at [section B4](#).

4.2. Where a closed supplier list procedure has been approved by the Procurement Manager the Conflict of Interest check **MUST** be carried out **BEFORE** the RFQ packs are issued to suppliers. If any conflicts (potential, perceived or actual) identified then you must follow the process detailed at [section B4](#).

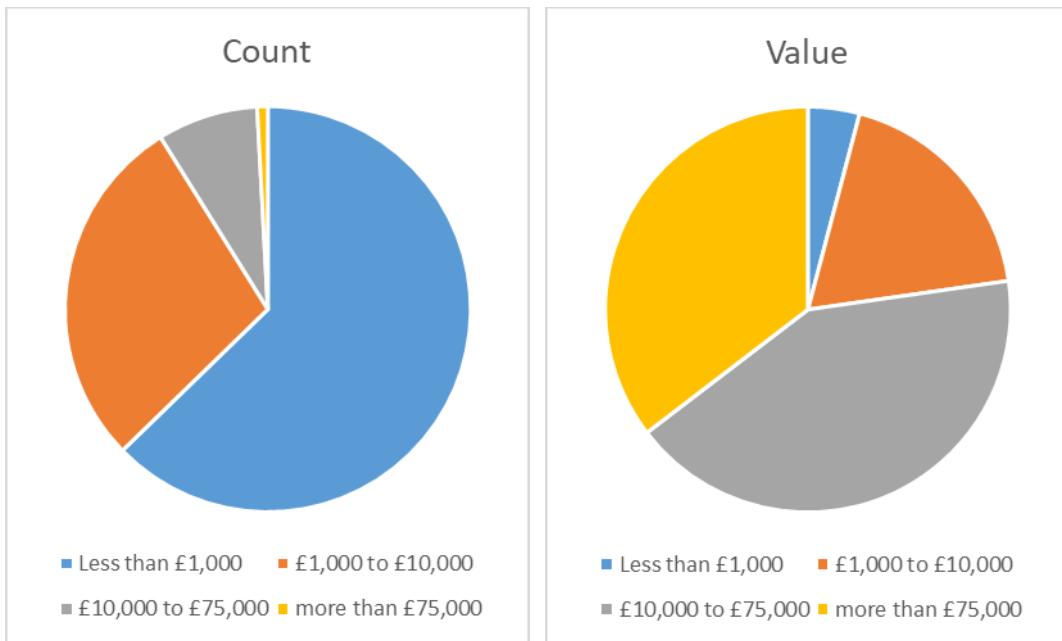
5. **Evaluation**

5.1. You will need to undertake the evaluation process for each submission received in a fair and non-discriminatory manner. You will need to complete a marking sheet (templates are available on the Procurement Team pages on the Council's Intranet (Brian) – you may need to adjust them to meet the criteria used for your procurement activity). You **MUST** ensure that there are supporting comments for all scores provided and records kept in line with the document retention rules at [Appendix 4 Document Retention Guidelines](#).

**Information on changes to the threshold for 'formal' procurement activity
Increasing the threshold from £1,000 to £10,000**

In **2019/20** we raised the following Purchase Orders (PO)¹:

PO Range	Count		Value	
£0 to £999	1555	63%	£494,769.54	4%
£1,000 to £9,999	704	28%	£2,238,648.88	19%
£10,000 to £74,999	199	8%	£5,034,303.30	42%
more than £75,000	21	1%	£4,254,135.42	35%
Grand Total	2479		£12,021,857.14	



The above spend includes circa £2.8 million of capital spending.

Based on the data above, by changing the lower threshold in the Contract Procedure Rules (CPRs) we will be making it less onerous to compliantly make a purchase / let a contract under £10,000 which accounts for 91% of the volume of purchase orders and 23% of spend value.

Under the current CPRs for activities between £1,000 and £10,000, officers are directed to use a third party framework agreement or seek 3 quotations; my recommendation in the new CPRs is that this changed to a range of approaches including:

- Obtaining at least 2 written Quotes
- Obtaining pricing from at least 2 on-line stores
- Undertaking market research that evidences only one suitable supplier and seeking pricing from them
- Carrying out another process as agreed with the Procurement Manager in advance

Note: This summary has been based on the spend data currently available; we are currently identifying additional information which needs to be collected in order to provide more detailed data in future.

¹ Procurement related – excludes purchase orders for grants, pensions, rent, business rates etc.

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