



Democratic Support

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#plymaudit

AUDIT COMMITTEE SUPPLEMENT PACK

Thursday 25 June 2015
10.00 am
Council House (Next to the Civic Centre), Plymouth

Members:

Councillor Parker-Delaz-Ajete, Chair
Councillor Sam Leaves, Vice Chair
Councillors Sam Davey, Murphy and Mrs Pengelly.

Independent Members:

Mr Clarke and Mr Stewart.

Please find attached additional information relating to agenda items 13 and 15 for your consideration.

For further information on attending Council meetings and how to engage in the democratic process please follow this link <http://www.plymouth.gov.uk/accesstomeetings>

Tracey Lee
Chief Executive

AUDIT COMMITTEE

- 13. CONSTITUTIONAL CHANGES IN RELATION TO CONTRACT STANDING ORDERS AND FINANCIAL REGULATIONS** (Pages 1 - 164)

The Committee will receive a report detailing the changes to the constitutional changes in relation to contract standing orders and financial regulations.

- 15. TREASURY MANAGEMENT PRACTICES, PRINCIPLES AND SCHEDULES 2015/16 AND TREASURY MANAGEMENT OUTTURN FOR 2014/15** (Pages 165 - 224)

The Committee will be provided with the Treasury Management Practices, Principles and Schedules 2015/16, and the Treasury Management Outturn for 2014/15.

PLYMOUTH CITY COUNCIL

Subject:	Constitutional Changes
Committee:	Audit
Date:	25 June 2015
Cabinet Member:	Councillor Lowry
CMT Member:	Lesa Annear (Director for Transformation & Change)
Author:	Nicola Allen, Senior Category & Contract Manager
Contact details	Tel: 01752 304162 email: nicola.allen@plymouth.gov.uk
Ref:	
Key Decision:	No
Part:	I

Purpose of the report:

The purpose of the report is:

- to update Contract Standing Orders (Part H of the Constitution) in line with the Public Contracts Regulations 2015
- to update the purchase order authorisation and purchase card limits in Financial Regulations (Part H of the Constitution)
- to increase the tendering threshold values so that there are more opportunities to keep spend local

The Brilliant Co-operative Council Corporate Plan 2013/14 -2016/17:

This report supports the Growing Plymouth objective by increasing the amount of local spend to encourage a strong economy creating a range of job opportunities.

**Implications for Medium Term Financial Plan and Resource Implications:
Including finance, human, IT and land**

There is no financial implication to the Council to implement these changes within the constitution.

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:

Not applicable

Equality and Diversity

Has an Equality Impact Assessment been undertaken? Yes

Recommendations and Reasons for recommended action:

The Audit Committee approve and recommend to City Council that –

It is recommended that, Contract Standing Orders, which form Part H of the Constitution, are updated in line with the Public Contracts Regulations 2015 (see link in Published work/information) and in support of our localism agenda, as detailed in appendix 1 and 2.

It is recommended that, Financial Regulations, which form Part H of the Constitution, are updated in line with purchase order authorisation and purchase card limits, as detailed in appendix 3 and 4.

Alternative options considered and rejected:

Do nothing

It is a legal requirement of the Council to implement the Public Contracts Regulations 2015, failure to do so will result in the Council not complying with UK Legislation and possible legal challenge which could lead to fines against the Council.

Published work / information:

Public Contracts Regulations

http://www.google.co.uk/url?url=http://www.legislation.gov.uk/ukxi/2015/102/pdfs/ukxi_20150102_en.pdf&rct=j&frm=1&q=&esrc=s&sa=U&ei=qvqHVeqlCsiOsgHI_bWQBg&ved=0CBQQFjAA&usg=AFQjCNFL9YPIx8hINmlwmCXDZ7aE_FL8mg

Background papers:

Appendix 1 – Updated Contract Standing Orders (with track changes)

Appendix 2 – Updated Contract Standing Orders (clean copy)

Appendix 3 – Updated Financial Regulations (with track changes)

Appendix 4 – Updated Financial Regulations (clean copy)

Sign off:

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Originating SMT Member													
Has the Cabinet Member(s) agreed the contents of the report? Yes													

I Summary

- 1.1 On 17 April 2014 a new EU procurement directive was adopted by the European Commission and came into force. All EU member states must implement the directive into national Law within two years of the date of adoption and the government prioritised the Public Sector Directive for early implementation.
- 1.2 The Directive has been transposed into UK law by Statutory Instrument 2015/102 the Public Contracts Regulations, replacing the Public Contracts Regulations 2006. The 2015 Regulations came into force on 26 February 15.
- 1.3 The main purpose of the EU public procurement regime is to open up the public procurement market to competition and ensure the free movement of supplies, services and works within the EU. The EU rules reflect and reinforce the value for money focus of the UK government's public procurement policy. The directive is intended to simplify the regime making it more flexible and improve efficiency in public spending, it is also intended to allow the strategic use of public procurement to address new challenges such as, increasing access for small and medium enterprises (SMEs), fostering innovation, respecting the environment, and achieving other societal goals.
- 1.4 In addition to this the Lord Young Reform was introduced to create a SME friendly market for public procurement by removing the barriers to entry through a standardised Pre-Qualification Questionnaire (PQQ) and a single website, Contracts Finder, to source advertised opportunities.
- 1.5 Taking into account the new regulations, the Lord Young reforms and our localisation agenda, contract standing orders and financial regulations have been updated to cover the following
 - changes to legislation
 - increase in our low value procurement thresholds from £100k to £150k for goods and services and from £200k to £2m for works to ensure that suppliers are sourced locally where possible via an RFQ process rather than nationally advertise the opportunities on Contracts Finder
 - tender opportunities are advertised on Contracts Finder as well as our procurement portal, supplying the southwest.
 - purchasing card limits have been updated in line with the purchasing card policy and practice
 - purchase order authorisation limits have been increased
 - enhancement of contract management

2 Benefits

- 2.1 By increasing our low value procurement thresholds we will be able to target local suppliers and micro, small and medium enterprises (SME's). This will enable delivery of our pledges as well as supporting the objectives of the fairness commission:
 - Working Plymouth
Pledge No. 3 – Increase the amount of local purchasing the Council does to keep more of Plymouth's wealth in our city.
 - Fairness Commission
Recommendation No. 70 – Provide better access to public spend for local small suppliers

- 2.2 The increase of the purchase order authorisation limits will streamline the process reducing the amount of time taken to approve purchase orders.

EQUALITY IMPACT ASSESSMENT

Strategic Procurement Team



STAGE 1: What is being assessed and by whom?

What is being assessed - including a brief description of aims and objectives?	<p>Constitutional Changes to Part H – Contract Standing Orders (CSO) and Financial Regulations (Fin Regs)</p> <p>This report refers to the update of CSO in line with the Public Contracts Regulations 2015 and the increase in procurement threshold and approval limits.</p> <p>The outcome of this report will impact on future procurements of goods, services and works but will not impact on the precepts of equality of treatment of suppliers and transparency.</p>
Responsible Officer	N Allen – Reference SPU/EIA/015
Department and Service	Commercial Services, Strategic Procurement Team
Date of Assessment	22/06/15

STAGE 2: Evidence and Impact

Protected Characteristics (Equality Act)	Evidence and information (e.g. data and feedback)	Any adverse impact?	Actions	Timescale and who is responsible?
Age	None	None	N/A	
Disability	None	None	N/A	
Faith, Religion or Belief	None	None	N/A	

STAGE 2: Evidence and Impact				
Protected Characteristics (Equality Act)	Evidence and information (e.g. data and feedback)	Any adverse impact?	Actions	Timescale and who is responsible?
Gender - including marriage, pregnancy and maternity	None	None	N/A	
Gender Reassignment	None	None	N/A	
Race	None	None	N/A	
Sexual Orientation -including Civil Partnership	None	None	N/A	

STAGE 3: Are there any implications for the following? If so, please record 'Actions' to be taken		
Local Priorities	Implications	Timescale and who is responsible?
Reduce the inequality gap, particularly in health between communities.	None	
Good relations between different communities (community cohesion).	None	
Human Rights	None	

STAGE 4: Publication

Director, Assistant Director/Head of Service approving EIA.		Date	23/6/2015
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CONTRACT STANDING ORDERS

Constitution – Part H



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1. When do these standing orders apply?

- 1.1 These standing orders apply when the council expects to spend money or provide other value for goods, works or services. They do not apply to contracts of employment with the ~~c~~Council. They apply to both capital and revenue and cover:
 - contracts for goods, works or services
 - acquisitions and disposals of land or buildings
- 1.2 The officers named in Standing Order 11.1 have authority to waive the requirements of any of these rules (but they must always comply with national and EU law.)

2. Other relevant guidance, rules and law

- 2.1 All contracts entered into by the ~~c~~Council must be to carry out the ~~c~~Council's functions or be in connection with the ~~c~~Council's functions. They must comply with:
 - all relevant national law and EU procurement law
 - all relevant EU procurement rules and guidance
 - the Financial Regulations (see part ~~H~~G of the Constitution)
 - the ~~budget and~~ policy framework ~~and budget~~ procedures (see part B of the Constitution)
 - the Constitution.
- 2.2 Officers must consider the requirements of the Constitution and legal issues when entering contracts and must ensure the risks are fully assessed.

3. Responsibility to follow these standing orders and relevant law

- 3.1 These standing orders apply to all officers. It is the responsibility of the relevant Assistant Director to make sure that their staff follow ~~these~~ standing orders.
- 3.2 The ~~c~~Council may take disciplinary and/or legal action against anyone who breaks these rules or the relevant national or EU law.

4. Interests of Councillors and officers in contracts

- 4.1 Requirement to avoid conflicts of interest: Councillors, officers and anyone acting for the council in connection with the procurement, award and management of council contracts must act with the highest standards of probity and avoid conflicts of interest.
- 4.2 Councillors' interests: Councillors must follow the Councillors Code of Conduct (see Part G of the Constitution). In addition it is a criminal offence for a ~~C~~councillor not to declare a financial interest in a contract.
- 4.3 Officer interests, reports and advice: Officers must declare interests in contracts. It is a criminal offence for an officer not to declare a financial interest in a contract. (This does not apply to an officer's own contract of employment or their tenancy of a council owned property).
- 4.4 Directors are responsible for recording officers' financial interests in a register that is kept in the department.
- 4.5 Officers should not write reports on something they have declared an interest in; or advise council or the cabinet or a committee on something they have declared an interest.

5. Gifts and hospitality

5.1 As a general rule councillors and officers must not accept:

- any gift (other than an inexpensive gift such as a calendar or diary for use in the office); or
- any hospitality
 - from suppliers or potential suppliers, or from any firm or organisation with whom the council has had, is having or may have any dealings of any kind - without the written authorisation of a Director.

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5.2 ‘Hospitality’ includes drinks, meals, entertainment, overnight accommodation, travel and holidays, but does not include a lift in a private or company car or a taxi or refreshments in the course of office duty (e.g. a working lunch).

5.3 All staff who accept gifts or hospitality must complete a receipt of gift or hospitality form. Once completed the form should be sent to the Monitoring Officer.

5.4 Directors must immediately enter in a register, particulars of:

- any gift (including how it has been returned to the giver or otherwise disposed of e.g. donated to the Lord Mayor for charitable purposes); and
- any hospitality.

6. Procurement advertisements

6.1 The Council will publish all procurement opportunities and contract awards over £1,500,000 on the Council's procurement portal (www.devontenders.gov.uk).

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6.2 The authorised Strategic Procurement officer must will publish an advertisement:

- in OJEU (if required by the Regulations)
- on the council's procurement portal (www.supplyingthesouthwest.org.uk)
- on Contracts Finder

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6.3 If the notice is published in OJEU, then the procurement documents for that particular procedure must be available for suppliers to download from the date of publication of the OJEU contract notice.

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7. Before a contract is procured

Before undertaking a procurement the authorised officer must:

- identify the need for the services, goods or works in question and fully assess all options for meeting those needs (including recycling and re-use where appropriate)
- establish a business case for the procurement
- establish the council has the legal power to enter into the contract
- contact strategic procurement to discuss the available options
- if it is a capital project make sure the project has been accepted onto the capital programme.; ~~if it is a capital project~~ - See capital programme governance ~~document~~.
- consider whether there is an appropriate framework agreement or Office of Corporate Governance (OCG) Crown Commercial Services (CCS) contract that could be used
- consider the Council's procurement business plan as appropriate

- choose a course of action which represents best value for money for the council
- for works procurements >£1,000,000 consider adoption of the employment and skills strategy, for further information contact strategic procurement.
- Consider whether the Public Services (Social Value) Act 2012 applies to the procurement
- determine the contract type and the level of contract management resource required to manage the contract.

8. Estimating the total contract value

8.1 The total contract value is the total amount (minus VAT) that is expected to be paid to the supplier as a result of the contract award during the whole of the contract. If the value is £50,000 per annum for two years, then the total value of the contract is estimated at £100,000. It includes

- the value of any non-monetary consideration or benefit the Council is giving to the supplier
- the value of anything the Council is getting for free as part of the contract
- any amount that could be paid by extending the contract (if it is possible to extend it).

8.2 If the length of a contract is uncertain and the value cannot be reasonably estimated, its total value will be its estimated monthly value times 48.

8.3 A single contract must not be split into smaller contracts to get around these contract standing orders or the law, and goods, services or works must not be split to get around these contract standing orders or the law.

~~8.3.4~~ Where the proposed procurement for goods, works or services may result in the requirement being split into lots, the value shall be based upon the value of all lots.

~~8.4.5~~ The contract must be treated as a high value procurement where there is a transfer of staff.

9. Format of contracts

9.1 Contracts must be in writing.

9.2 Contracts must be executed as a deed (sealed) if they are for property building and construction, nil consideration, probate, or if the Head of Legal Services advises they must be executed as a deed.

9.3 Contracts ~~over £100,000~~ must be in a form approved by the Head of Legal Services.

9.4 Contracts ~~over £100,000~~ must be signed by the Head of Service (or their designee) by two authorised officers and witnessed by the author. ~~Where contracts are required to be or sealed or executed as a deed; contracts for a lesser sum must be signed by one authorised officer or sealed. please contact legal services.~~

9.5 Contracts over the EU threshold must comply with relevant EU procurement law.

9.6 Electronic signatures may be used in accordance with the Electronic Signature Regulations 2002 if the strategic procurement manager is satisfied that the arrangements are secure.

10. Contract terms and conditions

- 10.1 Contracts must be entered into on the council's terms and conditions, which will be referenced on each purchase order and included with each Invitation to tender ("ITT"). Exceptions to this rule must be approved by the Head of Legal Services.
- 10.2 Where contracts are subject to the Regulations, the rules relating to technical specifications will be followed and any reference to a technical standard, make or type will be prefaced with the words "or equivalent". ~~This requirement applies to both Part A and Part B Services (as defined in the Regulations).~~
- 10.3 The standard terms and conditions of the council are available on the [document library and the council's website](#).

11. When is there no need to seek quotes or tenders?

- 11.1 Emergencies: If there is an unforeseen emergency or a disaster involving immediate risk to persons, property or serious disruption to council services or significant financial loss any Director can approve waiving these rules after consulting the Head of Legal Services where practicable. They must prepare a report for the next Cabinet to support the action taken.
- 11.2 Exempt contracts: The following contracts are exempt from the requirements to obtain tenders provided that quotations are sought.
- ~~* contracts for less than £100,000;~~
 - contracts relating solely to disposal or acquisition of an interest in land, provided that the contract is not deemed to be a works contract in which case the contract shall be procured in accordance with these rules as a works contract;
 - contracts for individual personal care services;
 - transactions conducted by the Chief Finance Officer in respect of dealing in the money market or obtaining finance for the [Council](#);
 - contracts offered by the Head of Legal Services for the appointment of counsel;
 - contracts where a sole supplier has exclusive rights (e.g. alterations to statutory undertakers apparatus).
- 11.3 Where there is a written waiver: In cases where the EU regulations do not apply, the relevant Director and the heads of strategic procurement and legal services can waive the requirements of any of the contract rules. All waivers and the reasons for them must be recorded using the designated form which can be found on the document library. The waiver form must be signed by the Director and agreed by the heads of strategic procurement, legal services and the head of the relevant service area.

12. Purchasing Card Procurement

- 12.1 Purchasing cards are badged charge cards, issued to an individual for the express function of purchasing one off requirements or low value, low risk goods and services for the authority which are not available as a catalogue item on ~~the CIVICA purchasing system~~.
- 12.2 Only the person whose name appears on the card is authorised to use the card up to the maximum transaction value as detailed in table 13
- 12.3 They work in a similar way to personal credit cards, however they do not offer extended credit and the balance on the cards is automatically paid off monthly. Cash cannot be withdrawn except by nominated Emergency Response Officers.

12.4 Purchasing cards shall only be used in accordance with the Purchasing Card Cardholder User Guide which is available on the document library.

12.5 The application [form to apply](#) for a Purchase Card is available on the document library.

13. Table of purchase card limits

Officer	Maximum Transaction Limit	Maximum Authorised Card Limit
Director Chief Officers	£2,000 10,000	£10,000 50,000
Head of Service	£1,000	£5,000
3rd Tier Manager	£1,000	£5,000
Head Teacher	£1,000	£10,000
Departmental Nominated Purchase Officer/Buyer/Procurement Officer	£10,000/5,000	£20,000/50,000
Emergency Planning Officer	£20,000	£100,000
Senior Officer from Finance Department (for Emergency response purposes) Standard PCC Employee	£20,000/500	£100,000/2000

14. Lodge Cards

14.1 Lodge cards are a type of credit card which are badged and “lodged” with the supplier so the card number does not need to be quoted on each order. They provide a cost effective and simple means of managing and allocating spend, ensuring the availability of electronic management information without the need for placing purchase orders.

14.2 Lodge cards should be used with suppliers whose service is provided centrally to a service area such as schools catering, travel, [stationery](#) etc. Agreement for the use of a lodge card will only be given by the Strategic Procurement Manager.

15. Fuel Cards

15.1 Fuel cards are a type of credit card used solely to purchase fuel; they can be used in all of the major UK filling stations.

15.2 There are three different types of cards:

- Person Card: This card is assigned to a specific person and can only be utilised by that person when using a hire car or a fleet vehicle which is utilised by a number of people. This card cannot be used for casual and essential users.
- Vehicle Card: This card is utilised for our fleet vehicles and is allocated to a specific registration
- Bearer Card: Bearer cards are not assigned to either an individual or specific vehicle they are assigned to a department for all to use. These cards offer a high risk of fraudulent use, therefore, the issuing and management of the card has to be done in a controlled manner as detailed in the instructions for use (available on the document library).

- 15.3 Application forms for any of the above fuel cards are available from strategic procurement.
- 15.4 Fuel cards shall only be used in accordance with the Fuel Card Cardholder User Guide (available on the document library).

16. Contract Procurement – existing and corporate contracts

- 16.1 Competitive quotations and tenders are not required if there is a contract already in place. The contract register detailing the list of contracts is available on the document library.
- 16.2 Many of the corporate contracts are set up as catalogue items available to purchase using the CIVICA purchasing system. Anyone with access to the system can place a purchase order for catalogued goods and services by [Finding a Product](#) in the Civica Purchasing system.

17. Low Value/Low Risk Procurements

- 17.1 For goods and services procurements valued below £1,500,000 and for non-technical works procurements valued below £2,000,000 a purchase requisition (available on the document library) will need to be completed detailing the full specification including manufacturers part number (if applicable), quantity, delivery date and charge codes and sent to the procurement mailbox. The operational procurement team will source at least three written quotations, two of which shall be from local supplier's where possible, utilising the chosen portal, Sell 2 Plymouth, before a formal purchase order is issued specifying the goods or services to be provided and setting out the price and terms of purchase. Faxed or e-mailed quotations are acceptable for these purposes.
- 17.2 For technical procurements ~~or those valued above below £1,500,000 and below £1,500,000~~ and for ~~goods and services and technical works procurements which are valued below above £2,000,000 but below £2,000,000 for works~~ a detailed specification will need to be completed including evaluation criteria, plus for works the chosen terms and conditions and sent to the procurement mailbox. The strategic procurement department will support this procurement ~~by seeking at least five written quotations, four of which shall be from local supplier's where possible, utilising the chosen portal, Sell 2 Plymouth.~~
- 17.3 To avoid unnecessary risk, only ~~c~~ouncil approved purchasing suppliers should be used.
- 17.4 Approved suppliers are those who have registered and have been green flagged on the ~~Council's~~ Sell 2 Plymouth vendor management portal. <http://www.sell2plymouth.co.uk>

18. Below Threshold Procurements

- ~~18.1~~ 18.1 ~~Below threshold procurements applies to procurements valued above £150,000 for goods and services and £2,000,000 for works but below the EU threshold. See section 22 or contact Strategic Procurement for the current EU threshold values.~~
- ~~18.2~~ 18.2 ~~For tenders below the threshold the open procedure must be used, as deselection at this stage is not allowed. However, suppliers may still will be disqualified if they do not meet the financial minimum requirements of the council-PQQ.~~

~~18.~~ 19. **High Value/High Risk Procurements**

- ~~18.1~~ 19.1 For all procurements of goods and services valued above £1,500,000 or above £2,000,000 for works procurements or those where staff will transfer, a tender and contract award procedure must be conducted in accordance with these contract rules. The

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outcome of the contract award procedure must be recorded in the contracts register, which is maintained by the strategic procurement department.

~~18.2~~ 19.2 For all procurements above £1500,000, approval must be obtained for both the evaluation criteria and award of contract in accordance with the table in section 21+9.

~~18.3~~ 19.3 In the event of a re-tender due to legal obligations under procurement law, authorisation to re-tender is not required. In all other circumstances (i.e. new procurements) Business case approval must be sought in accordance with the table of authorisation detailed in 19.

19.4 Any contract that is funded by capital funds can only be approved if it is on the capital programme.

~~18.4~~

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20. Summary table of procurement routes dependent upon value

Value range	Department	Documents required	Activity	To be sent to:
<£100K (goods / services) and <£200K (works)	Operational procurement (buying team)	Purchasing requisition, specification	Request for Quotation (3 suppliers)	Purchasing.requisition@plymouth.gov.uk
>£100K but <£150K (goods / services) and >£200K but <£2m (works)	Strategic procurement	Specification, evaluation criteria, terms and conditions	Request for Quotation (5 suppliers)	procurement@plymouth.gov.uk
>£150K and below EU threshold (goods/services) and >£2m and below EU threshold (works)	Strategic procurement	Tender docs, specification, evaluation criteria, terms and conditions	Tender (advertised on portals)	procurement@plymouth.gov.uk
>EU thresholds	Strategic procurement	Tender docs, specification, evaluation criteria, terms and conditions	Tender (advertised on portals)	procurement@plymouth.gov.uk

19. 210. Who can authorise contracts?

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Contract Value	Who can authorise the outline business case or tender?	Who can agree the evaluation criteria?	To be placed on the Forward Plan?	Approval documents required	Who can award the contract?
Over £1500,000 and less than	Assistant Director	Assistant Director	N/A (unless it constitutes a	Contract Award Report	Assistant Director

£500,000			key decision)		
Over £500,000 and less than £2,000,000	Cabinet Member	Assistant Director	N/A (unless it constitutes a key decision)	Contract Award Report and Delegated <u>Executive</u> Decision Report	Cabinet Member
Over £2,000,000 or a key decision	Cabinet	Assistant Director	Yes	Contract Award Report and Cabinet Report	Cabinet

20. ~~21.~~ 22+. High value/high risk procurement process

~~20.1~~ ~~22+.1~~ Prior to the commencement of procurement the ~~a~~Authorized ~~o~~fficer will develop the procurement approach.

~~20.2~~ ~~22+.2~~ One of ~~five~~ four procurement procedures must be used as appropriate for the particular procurement i.e. open, restricted, competitive dialogue ~~or~~ competitive procedure with negotiated or predetermined framework agreement. ~~(~~ Information on these procedures are detailed below (see sections 22 to 26).

~~20.3~~ ~~22+.3~~ For procurements valued above £1 ~~500,000~~ but falling below the EU threshold tender timescales and procedures can be adjusted accordingly but only after consultation with strategic procurement.

~~20.4~~ ~~22+.4~~ For procurements that constitute a key decision or are above £500,000, decisions to approve the business case must be taken by either the cabinet member or cabinet as detailed in table 19 above and the head of service needs to arrange for notice of the earliest date on which the decision could be taken to be placed on the forward plan. The head of service will also need to provide appropriate reports to the ~~portfolio holder~~ Cabinet Member or Cabinet using the standard forms that are available on the document library ~~or from Democratic Support~~.

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21. ~~22.~~ 23+. Application of the Regulations

~~21.1~~ ~~23+.1~~ Where an estimated value of a contract exceeds the current EU threshold then the contract must be procured in accordance with the Regulations, unless there is a suitable framework available. ~~Under the Regulations, the contract may be tendered under the restricted, open, competitive dialogue or, in exceptional circumstances exhaustively set out in the Regulations, the negotiated procedure.~~

~~21.2~~ ~~23+.2~~ The current EU thresholds effective from 1st January 201 ~~42~~ that will apply to the 31st December 201 ~~53~~ are:

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Value at which a contract/order must be put through the EU process

Supplies	Services	Works
£17,514,934*	£17,934,514*	£4,322,014,350*

*Contact Strategic Procurement for updates on the EU threshold values

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~~21.3~~ 232.3 For procurements subject to EU thresholds a contract notice or prior information notice in the prescribed form will be published in the Official Journal of the European Union (OJEU) in order to invite tenders ~~for~~ or expressions of interest.

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~~21.4~~ 232.4 This requirement to advertise includes pProcurements for Part B servicesSocial and Other Specific Services (as defined in the Rregulations). ~~do not need to be advertised in the OJEU unless there is a possibility of cross border interest. The successful tenderer's details must be published in the OJEU.~~

~~21.5~~ 232.5 The rules relating to technical specifications and the publication of contract award notices will be observed for all contracts as must the EU Treaty and the general principles of EU law including non-discrimination, equal treatment, proportionality, transparency and mutual recognition.

~~21.6~~ 232.6 The Regulations set out the minimum timescales for receipt of expressions of interest and tenders. Where the council has published a Prior Information Notice announcing its forthcoming contracts for the year ahead, then the council may rely on reduced timescales as set out in the regulations if appropriate.

~~21.7~~ 232.7 When using any procedure under OJEU, the contract award is subject to a mandatory 10 -calendar day standstill period. The 10 day standstill period starts on the day that all the suppliers are formally notified via either fax letters or e-mail of the decision to award the contract or conclude the framework agreement. This notice must also give details of the criteria for the award, the reasons for the decision, including the characteristics and relative advantages of the successful tender, their respective score against the evaluation criteria (as set down in the ITT) and the score and name of the winning tenderer, and the date before which the council will not enter the contract or conclude the framework agreement. (This standstill period cannot conclude on a non-working day, therefore if the 10th day falls on the weekend, then the standstill period will conclude at midnight on the following Monday). Once the 10 days have expired then on the next working day the council is able to place the contract with the successful tenderer (days to be added for bank holidays), if no valid challenge is received.

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~~21.8~~ 232.8 The regulations allow contracting authorities to reserve contracts for supported factoriessheltered workshops and sheltered employment programmes and businesses, Public Sector Procurement Directive Article 19 (Regulation 7 of the Regulations)Public Sector Procurement Directive Article 2019 (Regulation 207 of the Regulations) applies. This directive is committed to ensuring equality of employment opportunity for everyone.

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~~22.~~ 243. **Restricted Procedure**

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~~243.1~~ 243.1 This is a two stage procedure. Stage 1 is a pre-qualification stage and is used to de-select suppliers. Stage 2 is the tender stage and is used to determine a successful supplier to whom a contract will be awarded.

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~~22.1~~ 243.2 The aAuthorised eOfficer opportunity must publish an be advertised ment (see section 6).:

• ~~in OJEU (if required by the Regulations)~~

• ~~on the council's procurement portal (www.devontenders.gov.uk)~~

~~22.2~~ 243.3 Only those suppliers selected by the cCouncil may be invited to tender. Suppliers will be selected on the basis of published pre-qualification criteria.

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~~22.3~~ 243.4 If the Regulations apply, a minimum of five suppliers must be invited to tender and in all other cases a minimum of three must be invited to tender.

~~22.4~~ ~~243.4~~ The Restricted Procedure is the ~~c~~Council’s chosen standard process for procurements above the £1 ~~5~~00,000. Any other process can only be used if the relevant officers have agreed to waive this rule and have signed the necessary forms – see section 11.3.

~~22.5~~ ~~243.6~~ If the regulations do not apply, tender timescales can be amended accordingly.

~~23.~~ ~~254.~~ **Open Procedure**

~~254.1~~ This is a one stage procedure and is used where there are a limited number of suppliers and where timescales will not allow for use of the restricted procedure.

~~254.2~~

The opportunity must be advertised (see section 6).

~~23.1~~ The ~~a~~Authorised ~~o~~fficer must publish an advertisement in:

- ~~•~~ ~~—~~ OJEU (if required by the Regulations)
- ~~•~~ ~~—~~ on the council’s procurement portal (www.devontenders.gov.uk)

~~23.2~~ The advertisement must contain details of the proposed contract and specify a time limit within which interested parties may express an interest in tendering for the contract.

~~254.3~~ After the expiry of the deadline date for expressions of interest, the Council will send any party expressing an interest an ITT. The ITT must specify the return date for tenders. Any supplier expressing an interest in tendering for the contract will be able to download the ITT documents.

~~254.4~~ A minimum requirement threshold score may be determined for the tender questionnaire and this will be published in the advert (or OJEU Contract Notice if applicable) and in the ITT documentation. Any supplier that scores below this minimum threshold is considered unsuitable and will be disqualified. There is no short listing step in the open procedure and all suppliers that score above the minimum requirement threshold must be evaluated.

~~23.3~~

~~24.~~ ~~265.~~ **Competitive Procedure with Negotiated Procedure**

~~24.1~~ ~~265.1~~ This procedure may only be used after consultation with the strategic procurement manager and having obtained the agreement of the Head of Legal Services. It may only be used in very limited circumstances and is rarely used by local authorities.

~~265.2~~

The opportunity must be advertised (see section 6).

~~24.2~~ The ~~a~~Authorised ~~o~~fficer must publish an advertisement in OJEU and the council’s procurement portal. Only those suppliers selected by the council are invited to tender. Suppliers shall be selected on the basis of published pre-qualification criteria. Any notice will state that a negotiated procedure is being used.

~~24.3~~ ~~265.3~~ A minimum of three suppliers should be invited to negotiate following publication of a notice.

~~24.4~~ ~~265.4~~ A minimum of two officers, at least one of whom must be a strategic procurement representative or their delegate, must be present at all times during the negotiations.

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24.5 265.5 The authorised officer must keep proper records of all negotiations and these will be signed as such by all participants.

24.6 265.6 At all times during the negotiations, the council will consider and implement the principles of non-discrimination, equal treatment and transparency.

25. 276. Competitive Dialogue Procedure

25.1 276.1 The competitive dialogue procedure is for use where the strategic procurement manager considers that the open or restricted procedure will not allow the award of the contract due to the fact that it is a particularly complex procurement. ~~The use of the competitive dialogue procedure must be considered before the use of the negotiated procedure.~~ It can only be used with the most economically advantageous award criteria and this must be stated in the contract notice or accompanying descriptive document.

25.2 276.2 The council envisages the competitive dialogue procedure being used for many private public partnerships where contracts are complex and the technical means and/or the legal and financial structure cannot be determined without dialogue with suppliers.

25.3 276.3 In the case of a particularly complex contract, you may be aware of your needs but not know in advance what the best technical, and/or legal and/or financial solution is. A competitive dialogue procedure between buyers and suppliers is therefore necessary to identify the solution or solutions that best meet their needs. Such a dialogue is not allowed under the current open and restricted procedures. However, the process is time-consuming and the most expensive method of procurement.

276.4

The opportunity must be advertised (see section 6).

25.4 ~~The authorised officer must publish an advertisement in:~~

- ~~• OJEU (if required by the Regulations)~~
- ~~• on the council's procurement portal (www.devontenders.gov.uk).~~

25.5 276.5 The Regulations set out further rules which apply to Competitive Dialogue Procurements. Competitive Dialogue procurements should be referred to the council's strategic procurement and legal services teams.

26. 287. Predetermined Framework Agreements

26.1 287.1 Framework agreements set up by third party organisations may be used after consultation with the strategic procurement manager and head of legal services.

26.2 287.2 Framework agreements established by the council will be procured in accordance with the regulations.

26.3 287.3 When awarding call-offs (individual contracts), under framework agreements, the authority does not have to go through the full procedural steps in the Regulations again so long as the rules were followed appropriately in the setting up of the framework agreements themselves.

26.4 287.4 Call-offs under the framework agreement should be awarded within the terms laid down in the agreement.

26.5 287.5 Arrangements to enter into a contract through a call-off agreement will still require appropriate authorisations as shown in the table of authorisation in section 19.

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27. 298. Pre-qualification

27.4 298.1 The council will only enter into a contract with a supplier if it is satisfied as to the supplier's:

- eligibility in accordance with regulation ~~5723~~ of the regulations and
- economic and financial standing and
- technical or professional ability.

27.2 298.2 Technical ability includes the supplier's quality management systems including human resources, health and safety, equality and diversity provisions and environmental management systems where relevant to the performance of the contract.

298.3 The council's standard pre-qualification questionnaire template document is available on the document library.

298.4 Pre-qualification shall not be used for procurements under the EU threshold. Instead, a number of suitability assessment questions may be used if they are relevant to the procurement and proportionate. These questions may relate to information or evidence which the council requires for the purpose of assessing whether suppliers meet minimum standards of suitability, capability, legal status or financial standing.

~~27.3~~

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28. 3029. The Invitation to Tender

28.4 3029.1 The invitation to tender ("ITT") will include details of the ~~c~~Council's requirements for the particular contract including:

- i. a description of the goods, services or works being procured;
- ii. the procurement timetable including the tender return date and time, which will allow a reasonable period for the applicants to prepare their tenders;
- iii. a specification and instructions on whether any variants are permissible (this must be stated in any OJEU notice);
- iv. the council's terms and conditions of contract;
- v. the evaluation criteria including scoring methodology and any weightings as considered appropriate;
- vi. pricing mechanism and instructions for completion;
- vii. whether the ~~c~~Council is of the view that the Transfer of Undertakings Protection of Employment (TUPE) regulations may apply;
- viii. form and content of method statements to be provided;
- ix. a requirement for tenderers to declare that the tender content, price, or any other particulars concerning the tender have not been unnecessarily disclosed to any other party;
- x. any further information which will inform or assist tenderers in preparing tenders;
- xi. a statement that the ~~c~~Council is not obliged to accept the lowest or any tender and that the tenderers are responsible for their own costs with regard to the tender;
- xii. the address for the return of a hard copy tender must be:

Plymouth City Council
Strategic Procurement Department
Ballard House

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Plymouth
PL1 3BJ

Electronic tenders should be uploaded onto

www.devontenders.gov.uk ~~www.supplyingthesouthwest.org.uk~~

~~28.2~~ 3029.2 The council's standard tender template document is available on the document library ~~and also on the procurement website.~~

~~28.3~~ 3029.3 The requirements of ~~299.1~~ may be varied as appropriate for procurements falling under section ~~264~~ (competitive procedure with negotiated procedure), ~~275~~ (competitive dialogue procedure) and ~~286~~ (predetermined frameworks).

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~~29.~~ 310. Submission and Opening of Tenders

~~29.1~~ 310.1 Tenders must be submitted in accordance with requirements set out in the ITT. ~~Hard copy t~~enders must be kept in a safe place by the strategic procurement department and remain unopened until the time and date specified for its opening. Tenders received after the specified date and time will not be considered or accepted by the council unless the strategic procurement manager is satisfied that there is sufficient evidence for the tender having been despatched in sufficient time for it to have arrived before the closing date and time.

~~29.2~~ 310.2 Tenders must be opened by an officer of the strategic procurement department and one or more officers of the project team. An immediate record will be made of the tenders received including names, addresses and the date and time of opening.

~~29.3~~ 310.3 Prior to the tender evaluation all officers of the tender evaluation team are required to sign a declaration of direct or indirect interest, canvassing and confidentiality form. The completed form should be returned to the strategic procurement department.

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~~30.~~ 321. Electronic Tendering

~~30.1~~ 321.1 Requests for quotations (RFQs) and ITTs may be transmitted by electronic means. Quotations and tenders may be submitted by electronic means provided that:

- i. evidence that the transmission was successfully completed is obtained and recorded;
- ii. electronic tenders are kept in a separate secure folder under the control of the strategic procurement department, which is not opened until the deadline has passed for receipt of tenders.

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~~31.~~ 332. Tender Evaluation

~~31.1~~ 332.1 Tenders will be evaluated in accordance with the weighted evaluation criteria which must be detailed in the ITT.

~~31.2~~ 332.2 All contracts, ~~except contracts where lowest price was predetermined to be the appropriate criteria,~~ will be awarded on the basis of the most economically advantageous offer which represents 'Best Value for Money' to the council.

~~31.3~~ 332.3 The evaluation criteria must be predetermined, given weightings, and listed in the ITT documentation, in order of importance if applicable. The criteria must be strictly observed at all times throughout the contract award procedure by any officer involved in the tender evaluation.

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32. 343. Evaluation Team

32.1 343.1 An evaluation team will need to be formed for each procurement subject to the Regulations or for goods and services valued above £1,500,000, or for works procurements valued above £2,000,000.

32.2 343.2 The project lead will determine the evaluation team appropriate to the procurement should which may include but not be limited to the authorised officer, strategic procurement, legal & finance.

32.3 343.3 It is the responsibility of strategic procurement and/or finance to ensure to evaluate fairness and transparency in the evaluation the commercial element of the tender.

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33. 354. Bonds, Guarantees and Insurance

33.1 354.1 For high value procurements, the evaluation team will consider as part of its pre-qualification assessment and evaluation process whether a performance bond and/or a parent company guarantee (if applicable) will be required from the preferred supplier.

33.2 354.2 The evaluation team must also consider the appropriate type and level of insurance requirements for each contract (e.g. employer liability, public liability, professional indemnity, etc.).

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34. 365. Award of Contract

34.1 365.1 A contract may only be awarded by an officer with the requisite delegated authority to award contracts. The authorised officer should make sure that the budget holder responsible for the contract has sufficient funds in place to sustain the contract prior to award. For all procurements valued at above £500,000 the decision to award a contract must be made by the cabinet member for the relevant portfolio. (See the table in section 21.9 which demonstrates the decision levels within the council).

34.2 365.2 In the event that the council does not wish to award a contract after evaluating a tender response the authorised officer should advise all suppliers in writing detailing the reason for the decision and the way forward.

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35. 376. Debriefing

35.1 376.1 The authorised officer responsible for the procurement will provide feedback to all unsuccessful tenderers, detailing the reasons for the decision, including characteristics and relative advantages of the successful tenderer. Scores of the unsuccessful bidder and the winning bidder must also be issued with the award decision.

35.2 376.2 Should the unsuccessful tenderer request a further debrief after receipt of the feedback detailed in section 37.5.1 it is the responsibility of the authorised officer to do so. The standard agenda for the debriefing is available on the document library.

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36. 387. Contract Award Notice

387.1 Where a contract has been tendered pursuant to the regulations, the council will publish a contract award notice in OJEU no later than 3048 days after the date of award of the contract.

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~~387.2~~ ~~The authorised officer must~~ Strategic procurement will publish the contract award notice:

- in OJEU (if required by the Regulations)
- on the council's procurement portal (www.supplyingthesouthwest.org.uk)
- on Contracts Finder

398. Contract Management

~~398.1~~ Head of Service in sponsoring departments are to name Contract Managers for all new contracts. All contracts must have a named Contract Manager for the entirety of the contract.

~~398.2~~ Contract Managers must follow the Council's contract management standards at all times.

~~398.3~~ Contract Managers must follow the contract management procedures set out on the document library ~~[insert link when available]~~

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37. 4039. Copies of tenders and contracts and register of contracts

Keeping copies of old tenders and contracts

~~37.1~~ ~~4039.1~~ The authorised officer in respect of a particular Strategic procurement must maintain a list of all tenders received.

~~37.2~~ ~~4039.2~~ For every individual contract above £100,000, a contracts file must be maintained by the chief officer Strategic Procurement. ~~If the total contract value is over £10,000, the chief officer must keep~~ a copy of the contract ~~must be kept~~ for at least ~~seven-six~~ years from their end date if they were signed; and for at least ~~1~~ 23 years from their end date if they were sealed.

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38. 410. Keeping a register of contracts

~~38.1~~ ~~410.1~~ The strategic procurement unit will allocate a contract number to each individual contract and will maintain a register of all contracts awarded, ~~above £100,000.~~

~~38.2~~ Each chief officer will maintain their own register of all other contracts entered into by their department.

~~38.3~~ ~~410.2~~ At the end of each quarter the chief officer will send their register to the strategic procurement team for publication. The contract register will be published in accordance with the Local Transparency – A Practitioners Guide to Publishing New Contracts and Tenders Data, November 2010.

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39. 421. What will the register record?

~~39.1~~ ~~421.1~~ For each contract, the register will record:

- what the contract is for;
- the total contract value;
- contract reference number;

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- OJEU details (if applicable);
- The council officer name & contact details;
- the name, address & contact details of the contractor;
- the start and end dates;
- the procurement method used;
- whether the contract can be extended and how;
- [Type of contract](#);
- [Name of contract manager](#);
- whether a certificate was issued under the Local Government (Contracts) Act;
- For the full list, the contract register is available [in](#) the document library.

40. ~~432.~~ Joint Procurement

- 40.1 ~~432.1~~ Any joint procurement arrangements with other bodies including membership or use of purchasing consortia must be approved by the strategic procurement manager and the head of legal services prior to the commencement of any procurement on behalf of the [c](#)Council.
- 40.2 ~~432.2~~ Approval will only be given where the joint procurement arrangement assures compliance with the regulations.

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41. ~~443.~~ Consultants

- 41.1 ~~443.1~~ Any consultants used by the [c](#)Council must be appointed in accordance with these ~~—~~contract rules. The authorised officer must ensure that the consultant’s performance is monitored.
- 41.2 ~~443.2~~ Where the [c](#)Council uses consultants to act on its behalf in relation to any procurement, then the authorised officer must ensure that the consultants carry out any procurement in accordance with these rules.
- 41.3 ~~443.3~~ No consultant may make any decision on whether to award a contract or who a contract should be awarded to.

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42. ~~454.~~ Statistical Returns

- 42.1 ~~454.1~~ Each year the council will make a statistical return to the government for onward transmission to the European Commission concerning the contracts awarded during the year under the regulations.
- 42.2 ~~454.2~~ The strategic procurement manager is responsible for this statistical return and will make the necessary arrangements for information to be collected annually. Directors will comply with these arrangements.

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43. ~~465.~~ Contract Extension and Variation

- 43.1 ~~465.1~~ Any contract may be extended or varied in accordance with its terms. Where the terms do not expressly provide for extension [an exemption must be sought](#), contracts subject to the regulations may be extended, [if an exemption is approved](#), by negotiation in

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accordance with the rules set out in the regulations. Such extension must be notified to the individual cabinet councillor for the relevant portfolio and EU rules taken into consideration.

~~43.2~~ ~~465.2~~ Other contracts may be extended only where authorisation has been agreed and a suitable contract extension/exemption form has been completed and duly authorised. The authorised officer must always be satisfied that extension will achieve best value for money and is reasonable in all the relevant circumstances.

~~44.~~ ~~476.~~ Termination of Contracts

~~44.1~~ ~~476.1~~ Contracts may only be terminated after seeking advice from the strategic procurement manager and the Head of Legal Services. For any contract exceeding £500,000 in value, termination must be approved by the cabinet member for the relevant portfolio. For any contract that is a key decision or is valued above £2,000,000 termination must be approved by the cabinet.

~~45.~~ ~~487.~~ Review and Amendment of Contract Standing Orders

~~45.1~~ ~~487.1~~ These contract rules will be reviewed and updated on a regular basis by the strategic procurement manager.

~~45.2~~ ~~487.2~~ The strategic procurement manager will produce guidance to the use of contract rules.

~~46.~~ ~~498.~~ Interpreting Contract Standing Orders

Questions about the contract standing orders and any related guidance will be dealt with by the Strategic Procurement Manager or Head of Legal Services. Their interpretation will be final.

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Farsi

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CONTRACT STANDING ORDERS

Constitution – Part H



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1. When do these standing orders apply?

- 1.1 These standing orders apply when the council expects to spend money or provide other value for goods, works or services. They do not apply to contracts of employment with the council. They apply to both capital and revenue and cover:
- contracts for goods, works or services
 - acquisitions and disposals of land or buildings
- 1.2 The officers named in Standing Order 11.1 have authority to waive the requirements of any of these rules (but they must always comply with national and EU law.)

2. Other relevant guidance, rules and law

- 2.1 All contracts entered into by the council must be to carry out the council's functions or be in connection with the council's functions. They must comply with:
- all relevant national law and EU procurement law
 - all relevant EU procurement rules and guidance
 - the Financial Regulations (see part H of the Constitution)
 - the budget and policy framework procedures (see part B of the Constitution)
 - the Constitution.
- 2.2 Officers must consider the requirements of the Constitution and legal issues when entering contracts and must ensure the risks are fully assessed.

3. Responsibility to follow these standing orders and relevant law

- 3.1 These standing orders apply to all officers. It is the responsibility of the relevant Assistant Director to make sure that their staff follow these standing orders.
- 3.2 The council may take disciplinary and/or legal action against anyone who breaks these rules or the relevant national or EU law.

4. Interests of Councillors and officers in contracts

- 4.1 Requirement to avoid conflicts of interest: Councillors, officers and anyone acting for the council in connection with the procurement, award and management of council contracts must act with the highest standards of probity and avoid conflicts of interest.
- 4.2 Councillors' interests: Councillors must follow the Councillors Code of Conduct (see Part G of the Constitution). In addition it is a criminal offence for a Councillor not to declare a financial interest in a contract.
- 4.3 Officer interests, reports and advice: Officers must declare interests in contracts. It is a criminal offence for an officer not to declare a financial interest in a contract. (This does not apply to an officer's own contract of employment or their tenancy of a council owned property).
- 4.4 Directors are responsible for recording officers' financial interests in a register that is kept in the department.
- 4.5 Officers should not write reports on something they have declared an interest in; or advise council or the cabinet or a committee on something they have declared an interest.

5. Gifts and hospitality

5.1 As a general rule councillors and officers must not accept:

- any gift (other than an inexpensive gift such as a calendar or diary for use in the office); or
- any hospitality

from suppliers or potential suppliers, or from any firm or organisation with whom the council has had, is having or may have any dealings of any kind - without the written authorisation of a Director.

5.2 'Hospitality' includes drinks, meals, entertainment, overnight accommodation, travel and holidays, but does not include a lift in a private or company car or a taxi or refreshments in the course of office duty (e.g. a working lunch).

5.3 All staff who accept gifts or hospitality must complete a receipt of gift or hospitality form. Once completed the form should be sent to the Monitoring Officer.

5.4 Directors must immediately enter in a register, particulars of:

- any gift (including how it has been returned to the giver or otherwise disposed of e.g. donated to the Lord Mayor for charitable purposes); and
- any hospitality.

6. Procurement advertisements

6.1 The council will publish all procurement opportunities and contract awards over £150,000.

6.2 Strategic Procurement will publish an advertisement:

- in OJEU (if required by the Regulations)
- on the council's procurement portal (www.supplyingthesouthwest.org.uk)
- on Contracts Finder

6.3 If the notice is published in OJEU, then the procurement documents for that particular procedure must be available for suppliers to download from the date of publication of the OJEU contract notice.

7. Before a contract is procured

Before undertaking a procurement the authorised officer must:

- identify the need for the services, goods or works in question and fully assess all options for meeting those needs (including recycling and re-use where appropriate)
- establish a business case for the procurement
- establish the council has the legal power to enter into the contract
- contact strategic procurement to discuss the available options
- if it is a capital project make sure the project has been accepted onto the capital programme. See capital programme governance.
- consider whether there is an appropriate framework agreement or Crown Commercial Services (CCS) contract that could be used)
- consider the council's procurement business plan as appropriate

- choose a course of action which represents best value for money for the council
- for works procurements >£1,000,000 consider adoption of the employment and skills strategy, for further information contact strategic procurement.
- consider whether the Public Services (Social Value) Act 2012 applies to the procurement
- determine the contract type and the level of contract management resource required to manage the contract.

8. Estimating the total contract value

- 8.1 The total contract value is the total amount (minus VAT) that is expected to be paid to the supplier as a result of the contract award during the whole of the contract. If the value is £50,000 per annum for two years, then the total value of the contract is estimated at £100,000. It includes
- the value of any non-monetary consideration or benefit the council is giving to the supplier
 - the value of anything the council is getting for free as part of the contract
 - any amount that could be paid by extending the contract (if it is possible to extend it).
- 8.2 If the length of a contract is uncertain and the value cannot be reasonably estimated, its total value will be its estimated monthly value times 48.
- 8.3 A single contract must not be split into smaller contracts to get around these contract standing orders or the law, and goods, services or works must not be split to get around these contract standing orders or the law.
- 8.4 Where the proposed procurement for goods, works or services may result in the requirement being split into lots, the value shall be based upon the value of all lots.
- 8.5 The contract must be treated as a high value procurement where there is a transfer of staff.

9. Format of contracts

- 9.1 Contracts must be in writing.
- 9.2 Contracts must be executed as a deed (sealed) if they are for property building and construction, nil consideration, probate, or if the Head of Legal Services advises they must be executed as a deed.
- 9.3 Contracts must be in a form approved by the Head of Legal Services.
- 9.4 Contracts must be signed by the Head of Service (or their designee) and witnessed. Where contracts are required to be sealed or executed as a deed please contact legal services.
- 9.5 Contracts over the EU threshold must comply with relevant EU procurement law.
- 9.6 Electronic signatures may be used in accordance with the Electronic Signature Regulations 2002 if the strategic procurement manager is satisfied that the arrangements are secure.

10. Contract terms and conditions

- 10.1 Contracts must be entered into on the council's terms and conditions, which will be referenced on each purchase order and included with each Invitation to tender (ITT). Exceptions to this rule must be approved by the Head of Legal Services.

- 10.2 Where contracts are subject to the Regulations, the rules relating to technical specifications will be followed and any reference to a technical standard, make or type will be prefaced with the words “or equivalent”.
- 10.3 The standard terms and conditions of the council are available on the document library and the council’s website.

11. When is there no need to seek quotes or tenders?

- 11.1 Emergencies: If there is an unforeseen emergency or a disaster involving immediate risk to persons, property or serious disruption to council services or significant financial loss any Director can approve waiving these rules after consulting the Head of Legal Services where practicable. They must prepare a report for the next Cabinet to support the action taken.
- 11.2 Exempt contracts: The following contracts are exempt from the requirements to obtain tenders provided that quotations are sought.
- contracts relating solely to disposal or acquisition of an interest in land, provided that the contract is not deemed to be a works contract in which case the contract shall be procured in accordance with these rules as a works contract;
 - contracts for individual personal care services;
 - transactions conducted by the Chief Finance Officer in respect of dealing in the money market or obtaining finance for the council;
 - contracts offered by the Head of Legal Services for the appointment of counsel;
 - contracts where a sole supplier has exclusive rights (e.g. alterations to statutory undertakers apparatus).
- 11.3 Where there is a written waiver: In cases where the EU regulations do not apply, the relevant Director and the heads of strategic procurement and legal services can waive the requirements of any of the contract rules. All waivers and the reasons for them must be recorded using the designated form which can be found on the document library. The waiver form must be signed by the Director and agreed by the heads of strategic procurement, legal services and the head of the relevant service area.

12. Purchasing Card Procurement

- 12.1 Purchasing cards are badged charge cards, issued to an individual for the express function of purchasing one off requirements or low value, low risk goods and services for the authority which are not available as a catalogue item on the CIVICA purchasing system.
- 12.2 Only the person whose name appears on the card is authorised to use the card up to the maximum transaction value as detailed in table 13
- 12.3 They work in a similar way to personal credit cards, however they do not offer extended credit and the balance on the cards is automatically paid off monthly. Cash cannot be withdrawn except by nominated Emergency Response Officers.
- 12.4 Purchasing cards shall only be used in accordance with the Purchasing Card Cardholder User Guide which is available on the document library.
- 12.5 The application form to apply for a Purchase Card is available on the document library.

13. Table of purchase card limits

Officer	Maximum Transaction Limit	Maximum Authorised Card Limit
Chief Officers	£10,000	£50,000
Buyer/Procurement Officer	£5,000	£50,000
Emergency Planning Officer	£20,000	£100,000
Standard PCC Employee	£500	£2000

14. Lodge Cards

- 14.1 Lodge cards are a type of credit card which are badged and “lodged” with the supplier so the card number does not need to be quoted on each order. They provide a cost effective and simple means of managing and allocating spend, ensuring the availability of electronic management information without the need for placing purchase orders.
- 14.2 Lodge cards should be used with suppliers whose service is provided centrally to a service area such as schools catering, travel, stationery etc. Agreement for the use of a lodge card will only be given by the Strategic Procurement Manager.

15. Fuel Cards

- 15.1 Fuel cards are a type of credit card used solely to purchase fuel; they can be used in all of the major UK filling stations.
- 15.2 There are three different types of cards:
- Person Card: This card is assigned to a specific person and can only be utilised by that person when using a hire car or a fleet vehicle which is utilised by a number of people. This card cannot be used for casual and essential users.
 - Vehicle Card: This card is utilised for our fleet vehicles and is allocated to a specific registration
 - Bearer Card: Bearer cards are not assigned to either an individual or specific vehicle they are assigned to a department for all to use. These cards offer a high risk of fraudulent use, therefore, the issuing and management of the card has to be done in a controlled manner as detailed in the instructions for use (available on the document library).
- 15.3 Application forms for any of the above fuel cards are available from strategic procurement.
- 15.4 Fuel cards shall only be used in accordance with the Fuel Card Cardholder User Guide (available on the document library).

16. Contract Procurement – existing and corporate contracts

- 16.1 Competitive quotations and tenders are not required if there is a contract already in place. The contract register detailing the list of contracts is available on the document library.
- 16.2 Many of the corporate contracts are set up as catalogue items available to purchase using the CIVICA purchasing system. Anyone with access to the system can place a purchase order for catalogued goods and services by [Finding a Product](#) in the Civica Purchasing system.

17. Low Value/Low Risk Procurements

- 17.1 For goods and services procurements valued below £100,000 and for non-technical works procurements valued below £200,000 a purchase requisition (available on the document library) will need to be completed detailing the full specification including manufacturers part number (if applicable), quantity, delivery date and charge codes and sent to the procurement mailbox. The operational procurement team will source at least three written quotations, two of which shall be from local supplier's where possible, utilising the chosen portal, Sell 2 Plymouth, before a formal purchase order is issued specifying the goods or services to be provided and setting out the price and terms of purchase. Faxed or e-mailed quotations are acceptable for these purposes.
- 17.2 For technical procurements or those valued above £100,000 and below £150,000 for goods and services and above £2,00,000 but below £2,000,000 for works a detailed specification will need to be completed including evaluation criteria, plus for works the chosen terms and conditions and sent to the procurement mailbox. The strategic procurement department will support this procurement by seeking at least five written quotations, four of which shall be from local suppliers where possible, utilising the chosen portal, Sell 2 Plymouth.
- 17.3 To avoid unnecessary risk, only council approved purchasing suppliers should be used.
- 17.4 Approved suppliers are those who have registered and have been green flagged on the Sell 2 Plymouth vendor management portal. <http://www.sell2plymouth.co.uk>

18. Below Threshold Procurements

- 18.1 Below threshold procurements applies to procurements valued above £150,000 for goods and services and £2,000,000 for works but below the EU threshold. See section 22 or contact Strategic Procurement for the current EU threshold values.
- 18.2 For tenders below the threshold the open procedure must be used as deselection is not allowed. However, suppliers may still be disqualified if they do not meet the minimum requirements of the council.

19. High Value/High Risk Procurements

- 19.1 For all procurements of goods and services valued above £150,000 or above £2,000,000 for works procurements or those where staff will transfer, a tender and contract award procedure must be conducted in accordance with these contract rules. The outcome of the contract award procedure must be recorded in the contracts register, which is maintained by the strategic procurement department.
- 19.2 For all procurements above £150,000, approval must be obtained for both the evaluation criteria and award of contract in accordance with the table in section 21.
- 19.3 In the event of a re-tender due to legal obligations under procurement law, authorisation to re-tender is not required. In all other circumstances (i.e. new procurements) Business case approval must be sought in accordance with the table of authorisation detailed in 19.
- 19.4 Any contract that is funded by capital funds can only be approved if it is on the capital programme.

20. Summary table of procurement routes dependent upon value

Value range	Department	Documents required	Activity	To be sent to:
<£100K (goods / services) and <£200K (works)	Operational procurement (buying team)	Purchasing requisition, specification	Request for Quotation (3 suppliers)	Purchasing.requisition@plymouth.gov.uk
>£100K but <£150K (goods / services) and >£200K but <£2m (works)	Strategic procurement	Specification, evaluation criteria, terms and conditions	Request for Quotation (5 suppliers)	procurement@plymouth.gov.uk
>£150K and below EU threshold (goods/services) and >£2m and below EU threshold (works)	Strategic procurement	Tender docs, specification, evaluation criteria, terms and conditions	Tender (advertised on portals)	procurement@plymouth.gov.uk
>EU thresholds	Strategic procurement	Tender docs, specification, evaluation criteria, terms and conditions	Tender (advertised on portals)	procurement@plymouth.gov.uk

21. Who can authorise contracts?

Contract Value	Who can authorise the outline business case or tender?	Who can agree the evaluation criteria?	To be placed on the Forward Plan?	Approval documents required	Who can award the contract?
Over £150,000 and less than £500,000	Assistant Director	Assistant Director	N/A (unless it constitutes a key decision)	Contract Award Report	Assistant Director
Over £500,000 and less than £2,000,000	Cabinet Member	Assistant Director	N/A (unless it constitutes a key decision)	Contract Award Report and Executive Decision Report	Cabinet Member
Over £2,000,000 or a key decision	Cabinet	Assistant Director	Yes	Contract Award Report and Cabinet Report	Cabinet

22. High value/high risk procurement process

22.1 Prior to the commencement of procurement the authorised officer will develop the procurement approach.

22.2 One of four procurement procedures must be used as appropriate for the particular procurement i.e. open, restricted, competitive dialogue or competitive procedure with negotiation. Information on these procedures are detailed below (see sections 22 to 26).

22.3 For procurements valued above £150,000 but falling below the EU threshold tender timescales and procedures can be adjusted accordingly but only after consultation with strategic procurement.

22.4 For procurements that constitute a key decision or are above £500,000, decisions to approve the business case must be taken by either the cabinet member or cabinet as detailed in table 19 above and the head of service needs to arrange for notice of the earliest date on which the decision could be taken to be placed on the forward plan. The head of service will also need to provide appropriate reports to the Cabinet Member or Cabinet using the standard forms that are available on the document library or from Democratic Support.

23. Application of the Regulations

23.1 Where an estimated value of a contract exceeds the current EU threshold then the contract must be procured in accordance with the Regulations, unless there is a suitable framework available.

23.2 The current EU thresholds effective from 1st January 2014 that will apply to the 31st December 2015 are:

Value at which a contract/order must be put through the EU process

Supplies	Services	Works
£172,514*	£172,514*	£4,322,012*

*Contact Strategic Procurement for updates on the EU threshold values

23.3 For procurements subject to EU thresholds a contract notice or prior information notice in the prescribed form will be published in the Official Journal of the European Union (OJEU) in order to invite tenders or expressions of interest.

23.4 This requirement to advertise includes procurements for Social and Other Specific Services (as defined in the Regulations).

23.5 The rules relating to technical specifications and the publication of contract award notices will be observed for all contracts as must the EU Treaty and the general principles of EU law including non-discrimination, equal treatment, proportionality, transparency and mutual recognition.

23.6 The Regulations set out the minimum timescales for receipt of expressions of interest and tenders. Where the council has published a Prior Information Notice announcing its forthcoming contracts for the year ahead, then the council may rely on reduced timescales as set out in the regulations if appropriate.

23.7 When using any procedure under OJEU, the contract award is subject to a mandatory 10 calendar day standstill period. The 10 day standstill period starts on the day that all the suppliers are formally notified via either fax letters or e-mail of the decision to award the contract or conclude the framework agreement. This notice must also give details of the criteria for the award, the reasons for the decision, including the characteristics and relative advantages of the successful tender, their respective score against the evaluation criteria (as set down in the ITT) and the score and name of the winning tenderer, and the date before which the council will not

enter the contract or conclude the framework agreement. (This standstill period cannot conclude on a non-working day, therefore if the 10th day falls on the weekend, then the standstill period will conclude at midnight on the following Monday). Once the 10 days have expired then on the next working day the council is able to place the contract with the successful tenderer (days to be added for bank holidays), if no valid challenge is received.

23.8 The regulations allow contracting authorities to reserve contracts for sheltered workshops and sheltered employment programmes, Public Sector Procurement Directive Article 20 (Regulation 20 of the Regulations) applies. This directive is committed to ensuring equality of employment opportunity for everyone.

24. Restricted Procedure

24.1 This is a two stage procedure. Stage 1 is a pre-qualification stage and is used to de-select suppliers. Stage 2 is the tender stage and is used to determine a successful supplier to whom a contract will be awarded.

24.2 The opportunity must be advertised (see section 6).

24.3 Only those suppliers selected by the council may be invited to tender. Suppliers will be selected on the basis of published pre-qualification criteria.

24.4 If the Regulations apply, a minimum of five suppliers must be invited to tender and in all other cases a minimum of three must be invited to tender.

24.4 The Restricted Procedure is the council's chosen standard process for procurements above the £150,000. Any other process can only be used if the relevant officers have agreed to waive this rule and have signed the necessary forms – see section 11.3.

24.6 If the regulations do not apply, tender timescales can be amended accordingly.

25. Open Procedure

25.1 This is a one stage procedure and is used where there are a limited number of suppliers and where timescales will not allow for use of the restricted procedure.

25.2 The opportunity must be advertised (see section 6).

25.3 Any supplier expressing an interest in tendering for the contract will be able to download the ITT documents.

25.4 A minimum requirement threshold score may be determined for the tender questionnaire and this will be published in the advert (or OJEU Contract Notice if applicable) and in the ITT documentation. Any supplier that scores below this minimum threshold is considered unsuitable and will be disqualified. There is no short listing step in the open procedure and all suppliers that score above the minimum requirement threshold must be evaluated.

26. Competitive Procedure with Negotiation

26.1 This procedure may only be used after consultation with the strategic procurement manager and having obtained the agreement of the Head of Legal Services. It may only be used in very limited circumstances and is rarely used by local authorities.

The opportunity must be advertised (see section 6).

26.2 Only those suppliers selected by the council are invited to tender. Suppliers shall be selected on the basis of published pre-qualification criteria. Any notice will state that a negotiated procedure is being used.

26.3 A minimum of three suppliers should be invited to negotiate following publication of a notice.

26.4 A minimum of two officers, at least one of whom must be a strategic procurement representative or their delegate, must be present at all times during the negotiations.

26.5 The authorised officer must keep proper records of all negotiations and these will be signed as such by all participants.

26.6 At all times during the negotiations, the council will consider and implement the principles of non-discrimination, equal treatment and transparency.

27. Competitive Dialogue Procedure

27.1 The competitive dialogue procedure is for use where the strategic procurement manager considers that the open or restricted procedure will not allow the award of the contract due to the fact that it is a particularly complex procurement. It can only be used with the most economically advantageous award criteria and this must be stated in the contract notice or accompanying descriptive document.

27.2 The council envisages the competitive dialogue procedure being used for many private public partnerships where contracts are complex and the technical means and/or the legal and financial structure cannot be determined without dialogue with suppliers.

27.3 In the case of a particularly complex contract, you may be aware of your needs but not know in advance what the best technical, and/or legal and/or financial solution is. A competitive dialogue procedure between buyers and suppliers is therefore necessary to identify the solution or solutions that best meet their needs. Such a dialogue is not allowed under the current open and restricted procedures. However, the process is time-consuming and the most expensive method of procurement.

27.4

The opportunity must be advertised (see section 6).

27.5 The Regulations set out further rules which apply to Competitive Dialogue Procurements. Competitive Dialogue procurements should be referred to the council's strategic procurement and legal services teams.

28. Predetermined Framework Agreements

28.1 Framework agreements set up by third party organisations may be used after consultation with the strategic procurement manager and head of legal services.

28.2 Framework agreements established by the council will be procured in accordance with the regulations.

28.3 When awarding call-offs (individual contracts), under framework agreements, the authority does not have to go through the full procedural steps in the Regulations again so long as the rules were followed appropriately in the setting up of the framework agreements themselves.

28.4 Call-offs under the framework agreement should be awarded within the terms laid down in the agreement.

28.5 Arrangements to enter into a contract through a call-off agreement will still require appropriate authorisations as shown in the table of authorisation in section 19.

29. Pre-qualification

29.1 The council will only enter into a contract with a supplier if it is satisfied as to the supplier's:

- eligibility in accordance with regulation 57 of the regulations and
- economic and financial standing and
- technical or professional ability.

29.2 Technical ability includes the supplier's quality management systems including human resources, health and safety, equality and diversity provisions and environmental management systems where relevant to the performance of the contract.

29.3 The council's standard pre-qualification questionnaire template document is available on the document library.

29.4 Pre-qualification shall not be used for procurements under the EU threshold. Instead, a number of suitability assessment questions may be used if they are relevant to the procurement and proportionate. These questions may relate to information or evidence which the council requires for the purpose of assessing whether suppliers meet minimum standards of suitability, capability, legal status or financial standing.

30. The Invitation to Tender

30.1 The invitation to tender (ITT) will include details of the council's requirements for the particular contract including:

- i. a description of the goods, services or works being procured;
- ii. the procurement timetable including the tender return date and time, which will allow a reasonable period for the applicants to prepare their tenders;
- iii. a specification and instructions on whether any variants are permissible (this must be stated in any OJEU notice);
- iv. the council's terms and conditions of contract;
- v. the evaluation criteria including scoring methodology and any weightings as considered appropriate;
- vi. pricing mechanism and instructions for completion;
- vii. whether the council is of the view that the Transfer of Undertakings Protection of Employment (TUPE) regulations may apply;
- viii. form and content of method statements to be provided;
- ix. a requirement for tenderers to declare that the tender content, price, or any other particulars concerning the tender have not been unnecessarily disclosed to any other party;
- x. any further information which will inform or assist tenderers in preparing tenders;
- xi. a statement that the council is not obliged to accept the lowest or any tender and that the tenderers are responsible for their own costs with regard to the tender;
- xii. the address for the return of a hard copy tender must be:

Plymouth City Council
Strategic Procurement Department
Ballard House
Plymouth
PL1 3BJ

Electronic tenders should be uploaded onto www.supplyingthesouthwest.org.uk

30.2 The council's standard tender template document is available on the document library.

30.3 The requirements of 29.1 may be varied as appropriate for procurements falling under section 26 (competitive procedure with negotiation), 27 (competitive dialogue procedure) and 28 (predetermined frameworks).

31. Submission and Opening of Tenders

31.1 Tenders must be submitted in accordance with requirements set out in the ITT. Hard copy tenders must be kept in a safe place by the strategic procurement department and remain unopened until the time and date specified for its opening. Tenders received after the specified date and time will not be considered or accepted by the council unless the strategic procurement manager is satisfied that there is sufficient evidence for the tender having been despatched in sufficient time for it to have arrived before the closing date and time.

31.2 Tenders must be opened by an officer of the strategic procurement department and one or more officers of the project team. An immediate record will be made of the tenders received including names, addresses and the date and time of opening.

31.3 Prior to the tender evaluation all officers of the tender evaluation team are required to sign a declaration of direct or indirect interest, canvassing and confidentiality form. The completed form should be returned to the strategic procurement department.

32. Electronic Tendering

32.1 Requests for quotations (RFQs) and ITTs may be transmitted by electronic means. Quotations and tenders may be submitted by electronic means provided that:

- i. evidence that the transmission was successfully completed is obtained and recorded;
- ii. electronic tenders are kept in a separate secure folder under the control of the strategic procurement department, which is not opened until the deadline has passed for receipt of tenders.

33. Tender Evaluation

33.1 Tenders will be evaluated in accordance with the weighted evaluation criteria which must be detailed in the ITT.

33.2 All contracts will be awarded on the basis of the most economically advantageous offer which represents 'Best Value for Money' to the council.

33.3 The evaluation criteria must be predetermined, given weightings, and listed in the ITT documentation, in order of importance if applicable. The criteria must be strictly observed at all times throughout the contract award procedure by any officer involved in the tender evaluation.

34. Evaluation Team

34.1 An evaluation team will need to be formed for each procurement subject to the Regulations or for goods and services valued above £150,000, or for works procurements valued above £2,000,000.

34.2 The project lead will determine the evaluation team appropriate to the procurement which may include but not be limited to the authorised officer, strategic procurement, legal & finance.

34.3 It is the responsibility of strategic procurement to ensure fairness and transparency in the evaluation of the tender.

35. Bonds, Guarantees and Insurance

35.1 For high value procurements, the evaluation team will consider as part of its pre-qualification assessment and evaluation process whether a performance bond and/or a parent company guarantee (if applicable) will be required from the preferred supplier.

35.2 The evaluation team must also consider the appropriate type and level of insurance requirements for each contract (e.g. employer liability, public liability, professional indemnity, etc.).

36. Award of Contract

36.1 A contract may only be awarded by an officer with the requisite delegated authority to award contracts. The authorised officer should make sure that the budget holder responsible for the contract has sufficient funds in place to sustain the contract prior to award. For all procurements valued at above £500,000 the decision to award a contract must be made by the cabinet member for the relevant portfolio. (See the table in section 21 which demonstrates the decision levels within the council).

36.2 In the event that the council does not wish to award a contract after evaluating a tender response the authorised officer should advise all suppliers in writing detailing the reason for the decision and the way forward.

37. Debriefing

37.1 The authorised officer responsible for the procurement will provide feedback to all unsuccessful tenderers, detailing the reasons for the decision, including characteristics and relative advantages of the successful tenderer. Scores of the unsuccessful bidder and the winning bidder must also be issued with the award decision.

37.2 Should the unsuccessful tenderer request a further debrief after receipt of the feedback detailed in section 37.1 it is the responsibility of the authorised officer to do so. The standard agenda for the debriefing is available on the document library.

38. Contract Award Notice

38.1 Where a contract has been tendered pursuant to the regulations, the council will publish a contract award notice in OJEU no later than 30 days after the date of award of the contract.

38.2 Strategic procurement will publish the contract award notice:

- in OJEU (if required by the Regulations)
- on the council's procurement portal (www.supplyingthesouthwest.org.uk)
- on Contracts Finder

39. Contract Management

39.1 Head of Service in sponsoring departments are to name Contract Managers for all new contracts. All contracts must have a named Contract Manager for the entirety of the contract.

39.2 Contract Managers must follow the council's contract management standards at all times.

39.3 Contract Managers must follow the contract management procedures set out on the document library

40. Copies of tenders and contracts and register of contracts

Keeping copies of old tenders and contracts

40.1 Strategic procurement must maintain a list of all tenders received.

40.2 For every individual contract above £100,000, a contracts file must be maintained by Strategic Procurement, a copy of the contract must be kept for at least six years from their end date if they were signed; and for at least 12 years from their end date if they were sealed.

41. Keeping a register of contracts

41.1 The strategic procurement unit will allocate a contract number to each individual contract and will maintain a register of all contracts awarded.

41.2 The contract register will be published in accordance with the Local Transparency – A Practitioners Guide to Publishing New Contracts and Tenders Data, November 2010.

42. What will the register record?

42.1 For each contract, the register will record:

- what the contract is for;
- the total contract value;
- contract reference number;
- OJEU details (if applicable);
- The council officer name & contact details;
- the name, address & contact details of the contractor;
- the start and end dates;
- the procurement method used;
- whether the contract can be extended and how;
- Type of contract;
- Name of contract manager;
- whether a certificate was issued under the Local Government (Contracts) Act;
- For the full list, the contract register is available in the document library.

43. Joint Procurement

43.1 Any joint procurement arrangements with other bodies including membership or use of purchasing consortia must be approved by the strategic procurement manager and the head of legal services prior to the commencement of any procurement on behalf of the council.

43.2 Approval will only be given where the joint procurement arrangement assures compliance with the regulations.

44. Consultants

- 44.1 Any consultants used by the council must be appointed in accordance with these contract rules. The authorised officer must ensure that the consultant's performance is monitored.
- 44.2 Where the council uses consultants to act on its behalf in relation to any procurement, then the authorised officer must ensure that the consultants carry out any procurement in accordance with these rules.
- 44.3 No consultant may make any decision on whether to award a contract or who a contract should be awarded to.

45. Statistical Returns

- 45.1 Each year the council will make a statistical return to the government for onward transmission to the European Commission concerning the contracts awarded during the year under the regulations.
- 45.2 The strategic procurement manager is responsible for this statistical return and will make the necessary arrangements for information to be collected annually. Directors will comply with these arrangements.

46. Contract Extension and Variation

- 46.1 Any contract may be extended or varied in accordance with its terms. Where the terms do not expressly provide for extension an exemption must be sought, contracts subject to the regulations may be extended, if an exemption is approved, by negotiation in accordance with the rules set out in the regulations. Such extension must be notified to the individual cabinet councillor for the relevant portfolio and EU rules taken into consideration.
- 46.2 Other contracts may be extended only where authorisation has been agreed and a suitable contract extension/exemption form has been completed and duly authorised. The authorised officer must always be satisfied that extension will achieve best value for money and is reasonable in all the relevant circumstances.

47. Termination of Contracts

- 47.1 Contracts may only be terminated after seeking advice from the strategic procurement manager and the Head of Legal Services. For any contract exceeding £500,000 in value, termination must be approved by the cabinet member for the relevant portfolio. For any contract that is a key decision or is valued above £2,000,000 termination must be approved by cabinet.

48. Review and Amendment of Contract Standing Orders

- 48.1 These contract rules will be reviewed and updated on a regular basis by the strategic procurement manager.
- 48.2 The strategic procurement manager will produce guidance to the use of contract rules.

49. Interpreting Contract Standing Orders

Questions about the contract standing orders and any related guidance will be dealt with by the Strategic Procurement Manager or Head of Legal Services. Their interpretation will be final.

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CONSTITUTION



PLYMOUTH
CITY COUNCIL

PLYMOUTH CITY COUNCIL CONSTITUTION

PART H

STANDING ORDERS AND REGULATIONS

EMPLOYMENT STANDING ORDERS

1. Appointing the Chief Executive

The Chief Executive is appointed by Council on the recommendation of the Appointments Panel. At least one member of the Cabinet must be a member of the Appointments Panel.

Before the Chief Executive is appointed, the Assistant Director for Human Resources, Organisational Development and ICT must tell every member of the cabinet whom the Appointments Panel wants to appoint and anything else which is relevant to the appointment.

The appointment can go ahead if the Cabinet agrees or if it makes no objection by a deadline set by the Assistant Director for Human Resources, Organisational Development and ICT or if Council does not consider any objection made by the cabinet relevant and justified.

2. Appointing the Directors, Assistant Directors and Heads of Service

Directors and Assistant Directors are appointed by the Appointments Panel, At least one member of the Cabinet must be a member of the Appointments Panel.

Before a Director or an Assistant Director is appointed, the Assistant Director for Human Resources, Organisational Development and ICT must tell every Member of the Cabinet whom the Appointments Panel wants to appoint and anything else which is relevant to the appointment.

The appointment can go ahead if the Cabinet agrees or if it makes no objection by a deadline set by the Assistant Director for Human Resources, Organisational Development and ICT or if the Appointments Panel does not consider any objection made by the Cabinet relevant and justified.

3. Dismissing the Chief Executive, Directors and Heads of Service

The Chief Executive, Directors and Assistant Directors are dismissed by the Chief Officers' Investigating Panel, which must include at least one Member of the Cabinet.

Before a dismissal, the Assistant Director for Human Resources, Organisational Development and ICT must tell every Member of the Cabinet whom the Panel wants to dismiss and anything else which is relevant to the dismissal.

The dismissal can go ahead if the Cabinet agrees or if it makes no objection by a deadline set by the Assistant Director for Human Resources, Organisational Development and ICT or if the Chief Officers' Investigating Panel does not consider any objection relevant or justified.

4. Appointing Political Assistants

Appointments of Political Assistants will follow the wishes of their political groups.

5. Councillors not to be involved in appointing or dismissing other officers

Councillors will not be involved in appointing or dismissing anyone except the Chief Executive, Directors, Assistant Directors and Political Assistants. Other officers are appointed and dismissed by their Assistant Directors or their nominees. All Officers except Political Assistants must be appointed on merit.

6. Disciplining the Head of Paid Service, Responsible Finance Officer and Monitoring Officer

The Head of Paid Service, Responsible Finance Officer and Monitoring Officer can only be disciplined if an independent investigator recommends it. They can be suspended on full pay for up to two months while an independent investigator carries out an investigation.

6. Recruitment and selection procedure

All appointments must follow the Council's recruitment and selection procedure.

7. Advertising the positions of Chief Executive, Directors and Assistant Directors

When the Council wants to appoint a Chief Executive, Director or Assistant Director (and it is not proposed that the appointment be made exclusively from the existing officers), it will produce a statement specifying the duties of the post and any qualifications or qualities to be sought in the person to be appointed and send them to anyone who asks. The post will be advertised in a way which will bring it to the attention of suitable applicants.

8. Relationships with Councillors and officers

Candidates must disclose on their application form whether they are related to any Councillor, officer, Councillor or officer's partner as their partner, parent, child, stepchild, adopted child, grandparent, grandchild, brother, sister, uncle, aunt, niece or nephew.

If a candidate declares a relationship with a Councillor, officer or their partner, their appointment must be approved by the appropriate Head of Service (if they have declared a relationship with the Head of Service or their partner, it must be approved by the appropriate Director).

9. Lobbying

Councillors and officers must not lobby for or against candidates.

The Council will disqualify candidates who lobby Councillors or officers or get other people to lobby them. Candidates will be warned about this in the recruitment literature.

LEGAL STANDING ORDERS

1. Legal action

The Monitoring Officer can take any legal action necessary to carry out the Council's decisions or protect its interests e.g. starting defending, withdrawing, or settling any claims or legal proceedings.

All officers in the senior management structure may start, defend or withdraw any claims or legal proceedings or authorise officers to appear on behalf of the Council in court and take default action under relevant legislation if:

- the action taken is about a function which they or an officer who reports to them has budgetary or management responsibility for and
- the constitution or the law does not require the action to be taken by someone else and
- they have had regard to any advice from the Head of Legal Services

2. Signing of documents

The Monitoring Officer can sign any document necessary to carry out the Council's decisions or protect its interests including certificates given under the Local Government (Contracts) Act 1997.

All officers in the senior management structure may sign documents on behalf of the Council or authorise officers whom they manage to sign documents on behalf of the Council if:

- the document is about a function which they or an officer who reports to them has budgetary or management responsibility for and
- the constitution or the law does not require the document to be signed out by someone else and
- they have had regard to any advice from the Responsible Finance Officer and Monitoring Officer

3. Common seal of the Council

The common seal of the Council will be kept by the Head of Legal Services. It will be attested by the Monitoring Officer, Head of Legal Services or an officer nominated by them.

The Council will keep a book recording when the common seal is used. The book will be signed by the officer who attests the seal.

FINANCIAL REGULATIONS

1. Scope

- 1.1** The Council acknowledges the responsibility it has for the administration of public funds, and wishes to emphasise to both the public and its employees the importance it places upon probity, financial control and honest administration.
- 1.2** These Financial Regulations provide the framework for managing the Council's financial affairs. They apply to every member, committee, school governing body, department, officer, partner, employee of the Council, and anyone acting on behalf of the Council, unless otherwise minuted by the Council. Breaches will be reported to the audit committee, if the Responsible Finance Officer and the chair of the audit committee deem that it is appropriate.
- 1.3** Failure to comply with the requirements of these Financial Regulations and any associated guidance could be considered a potential act of gross misconduct.
- 1.4** Further advice and guidance is given in the documents listed at Regulation 33. These documents describe "processes and procedures" that show users "how to" deliver the requirements of the Financial Regulations at a working level.
- 1.5** All of these documents require specific approval of Audit Committee, and once adopted carry the same status as the Financial Regulations themselves.

2 Responsibilities under the Financial Regulations

2.1 Responsibilities of the Responsible Finance Officer

2.1.1 The Responsible Finance Officer carries out the statutory duties in relation to the financial administration and stewardship of the Council. The statutory duties arise from:

- Section 151 of the Local Government Act 1972;
- Local Government Finance Act 1988;
- The Local Government and Housing Act 1989;
- The Accounts and Audit Regulations 2003; and
- The Local Government Act 2000;

and are supplemented and explained by case law.

2.1.2 The Responsible Finance Officer has a legal duty to make sure the Council keeps to the highest financial standards. Other officers with responsibilities under the Financial Regulations are using powers delegated by the Responsible Finance Officer.

The Responsible Finance Officer will review and update the Financial Regulations each year to make sure they comply with relevant law and guidance. The Responsible Finance Officer may also issue guidance on how to ensure high financial standards.

2.2 Responsibilities of Directors

Directors must oversee and monitor the financial management of their service areas.

2.3 Responsibilities of Assistant Directors

Assistant Directors must:

- deliver services in compliance with these Financial Regulations and their service budget allocations;
- make sure staff within their departments comply with these Financial Regulations and have adequate written guidance on financial procedures and system working practices;
- monitor the overall financial state of their service area;
- make sure that they identify and agree with the Responsible Finance Officer the financial implications of all proposals for new spending and partnering arrangements, and that the cabinet is advised of those implications, before such spending is incurred or committed;
- consult with the Responsible Finance Officer on any report with financial implications;
- consult with, and seek agreement of, the Responsible Finance Officer where it is apparent that new written processes and procedures are required.

2.4 Departmental Section 151 Responsibilities

Departmental finance managers are required to bring the Responsible Finance Officer's attention to any section 151 issue they are unable to resolve.

2.5 Governing Bodies

School governing bodies shall conduct their affairs in accordance with these Financial Regulations, unless this would be contrary to the law, the Council's fair funding for schools scheme or a later Council minute. They are responsible for:

- risk and governance arrangements for the school;
- the management of their delegated budgets in accordance with the provisions contained in the fair funding scheme;
- making sure that staff are aware of these Financial Regulations and that they have adequate written guidance on financial procedures and system working practices, and
- ensuring that staff comply with this written guidance.

2.6 Responsibilities of all Officers

2.6.1 Officers must take reasonable action to provide for the security of the assets under their control, and to make sure that the use of these resources is legal, properly authorised and provides value for money.

- 2.6.2 Officers must be familiar with these Financial Regulations and must understand the ones which affect their work. If an officer is unclear about these rules, they must get advice before acting, by talking to their line manager or finance manager.
- 2.6.3 Officers must make sure they are using the latest version of these rules. This will always be in the constitution.
- 2.6.4 Officers must show the highest standards of financial probity. As well as following these rules, they must use their common sense and judgement.

3 Audit

3.1 Internal audit

- 3.1.1 Auditors will review the Council's financial and management systems and must act if fraud or corruption is found. They will also comment on how to achieve better value.
- 3.1.2 Auditors have the right to see the records and to ask for information and explanations. Officers must co-operate with them fully.

3.2 External audit

- 3.2.1 The external auditors undertake a yearly audit of the Council's statement of accounts and performance indicators. They have the right to see records and to ask for information and explanations. Officers must co-operate fully.
- 3.2.2 The Responsible Finance Officer has overall responsibility for co operating fully with the external auditors.

4 If the Financial Regulations have been broken

- 4.1 If officers suspect that these rules are being broken or they suspect fraud, corruption or poor value for money, they must tell their line manager (unless their line manager is involved).
- 4.2 The Council's [Whistleblowing policy](#) (see Part G) has guidance on what to do if a line manager is involved.
- 4.3 If the Financial Regulations have been broken, the Responsible Finance Officer must be told in writing. The Responsible Finance Officer will decide what needs to be done and whether Councillors need to be told.

5 Combating fraud and corruption

- 5.1 The Council is committed to making sure that the opportunity for fraud and corruption is reduced to the lowest possible risk. Where there is a possibility of fraud, corruption or other related problems the Council will deal with it in a firm and controlled manner regardless of whether the perpetrators are from inside (members and employees) or outside the Council.
- 5.2 The Anti-Fraud and Corruption Policy gives advice and guidance to Councillors and officers about the Council's approach to the serious issues of fraud and corruption and sets out how to deal with an allegation or suspicion of fraud or corruption.

6 Information and records

- 6.1** The Responsible Finance Officer is responsible for determining the accounting procedures to be followed and accounting records to be maintained within the authority in order to comply with the Accounts and Audit Regulations 2003 (see Retention and Disposition schedule)
- 6.2** Assistant Directors will arrange suitable training for their staff in keeping accounting records. The content of the training must be approved by the Responsible Finance Officer.

7 Financial Systems and Procedures

- 7.1** The Responsible Finance Officer must ensure that the Council's financial systems are sound and operate efficiently.
- 7.2** Assistant Directors must seek the prior approval of the Responsible Finance Officer to any proposed changes to the existing financial or related systems or to the establishment of any new financial or related systems which are/ will be directly under their control.
- 7.3** Assistant Directors must also seek the prior approval of the Responsible Finance Officer who, if appropriate, will seek the approval initially of the Corporate Management Team and subsequently of the Cabinet or Audit Committee as appropriate, to any proposed changes to the Council's instructions or procedural notes on financial matters which are required to meet their own specific service needs.

8 VAT and tax

- 8.1** The Responsible Finance Officer is responsible for keeping tax records, advising on tax, making tax payments, receiving tax credits and submitting tax returns.
- 8.2** Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe; all officers must therefore take particular care when dealing with issues which have tax implications.

9 Outside bodies

- 9.1** The Responsible Finance Officer is responsible for promoting and maintaining high standards of conduct with regard to financial administration in partnerships and joint ventures and will make sure that partnerships involving the Council follow the latest accounting policies, law and guidance.
- 9.2** The Responsible Finance Officer must approve any financial arrangements where the Council acts as the accountable body, lead authority or major funder for another organisation. Such organisations must have satisfactory rules dealing with the matters covered in these Financial Regulations and the Contract Standing Orders.
- 9.3** The Responsible Finance Officer will make sure that funding to or from outside bodies is properly recorded in the Council's accounts.

10 Medium-term financial planning

The Responsible Finance Officer will report to the cabinet on the medium-term budget prospects. Reports should consider the amount of support the Council can expect from the government. The City Council Investment Board is responsible for the governance of the medium-term capital programme; this includes reviewing and monitoring the progress of the capital programme. Directors and capital delivery project officers are required to present a capital programme summary report at each City Council Investment Board meeting.

11 Responsibility for budget decisions

Responsibilities for budget decisions are shown in the table below, subject to the permitted changes shown in [Financial Regulation 13](#):

Cabinet responsibilities Cabinet will determine whether to	Full Council responsibilities Council will determine whether to
Recommend the budget to Council	Agree the budget
Recommend any changes to the net revenue budget to Council	Approve any changes to the net revenue budget
Recommend the Treasury Management Strategy	Agree or change the Treasury Management Strategy
Set the Council Tax base	
	Setting the Council Tax
Recommend the Prudential and Treasury indicators to Council	Agree or change the Prudential and Treasury Indicators
Recommend the medium term financial strategy to Council	Agree or change the medium-term financial strategy
Agree the Risk Management Strategy	
	Agree or change the capital budget
Recommend the Corporate Asset Management Plan to Council	Agree the Corporate Asset Management Plan
Recommend the Capital Programme to Council	Agree the capital programme

Audit Committee

The Audit Committee will scrutinise the Treasury Management Strategy before it goes to Council.

12 Emergency spending

If there is an emergency or a disaster, the Chief Executive can agree extra spending after consulting the Leader and Responsible Finance Officer.

13 Moving money between cost centres

13.1 The rules for moving money between revenue cost centres (virement) are:

Amount to be moved	Who can approve it?
Up to £20,000	Service Head (Team Plymouth)
Up to £50,000	Assistant Director
Up to £100,000	Director (with notification to Responsible Finance Officer)
Up to £500,000	Cabinet Member
Over £500,000	Cabinet if it is within the budget, if not Council makes the decision on the recommendation of the cabinet.

13.2 The rules for moving money between capital cost centres or changes to the capital programme are:

New and amended Capital Schemes – In year, new capital schemes should be approved in accordance with the following rules:

New Schemes	Who can approve it?
Up to £200,000	Responsible Finance Officer in consultation with the Director and relevant cabinet member(s)
Between £200,000 and £500,000	Cabinet or the Leader
Above £500,000	Council or the Leader

Capital Programme Transfers (Virement)/Amendments – These should be approved in accordance with the following rules:

Type of Transfer	Who can Approve it?
Within A Directorate	
Up to £200,000	Responsible Finance Officer in consultation with the Director, City Council Investment Board and relevant Cabinet Member(s)
Up to £500,000	Cabinet or the Leader

Between Directorates	
Up to £200,000	Responsible Finance Officer in consultation with the Director, City Council Investment Board and relevant Cabinet Member(s)
Up to £500,000	Cabinet or the Leader

Capital Scheme Variations – Where there are variations in contract costs on existing schemes compared with the provision in the Capital Programme and the relevant Director is not able to identify a virement, additional costs will be approved in accordance with the following conditions:

Existing Scheme Additional Costs	Who can Approve it?
£200,000 or 10% of original contract sum (whichever is lowest)	Responsible Finance Officer in consultation with the Director, City Council Investment Board and relevant Cabinet Member(s)
£500,000 or 25% of original contract sum (whichever is lowest)	Cabinet or the Leader
More than 25% of original sum or £500,000	Council or the Leader

- 13.3** Where there are proposed increases to existing approved schemes in the Capital Programme which can be funded from increased ring-fenced funding then scheme increases will be approved in accordance with the following conditions:

Existing Scheme Additional Costs	Who can Approve it?
Up to £200,000	Responsible Finance Officer in consultation with the Director, City Council Investment Board and relevant Cabinet Member(s)
£200,000 to £500,000	Cabinet or the Leader
Above £500,000	Council or the Leader

Note: Changes to the capital programme will be reported to Members through the quarterly budget and performance report.

- 13.4** Transfers in or out of employee account codes or income account codes must be agreed by the Responsible Finance Officer.
- 13.5** Requests for transfers must be in a format agreed by the Responsible Finance Officer. Requests must say how much is going to be spent, what it is going to be spent on, where

the money will come from and what effect the spending will have in current and future financial years.

14 Budgetary control

14.1 Council's reserves

The Responsible Finance Officer must advise the Council on keeping a safe level of reserves.

14.2 Monitoring budgets

The Responsible Finance Officer will give Directors and Assistant Directors the information they need to monitor their budgets.

14.3 Responsibilities of the Responsible Finance Officer

The Responsible Finance Officer will:

- produce regular monitoring reports for the cabinet – these will identify any areas of concern and say how things can be put right
- tell the cabinet when spending or extra spending is needed
- advise on the medium-term effects of spending decisions
- make sure each capital scheme includes a project plan, progress targets and forecasts of linked revenue spending
- manage a scheme of carry forwards within guidelines set by the cabinet.

14.4 Responsibilities of Assistant Directors

Assistant Directors will:

- monitor income and control spending
- monitor performance
- manage their budgets
- report any problems promptly to the Responsible Finance Officer
- make sure staff keep all financial records, particularly the supporting papers for grant claims

15 Year-end balances

The Cabinet will agree the procedures for carrying forward under and over-spending on budget headings at the year end, in consultation with the Responsible Finance Officer.

Directors are responsible for monitoring the impact of the year-end variations on the level of service outputs which had been planned for both the relevant and subsequent year(s).

16 Capital strategy

The Responsible Finance Officer will prepare an asset management plan and capital strategy. This will:

- set out the principles the Council will follow in its capital planning and management
- include a five year capital programme
- show how schemes are added into the Capital Programme

17 Project approval

17.1 Which projects need approval?

All new schemes must be fully financed and approved by the City Council Investment Board. They require an initial project proposal and detailed business case unless they meet the criteria of fast track schemes (see Capital Programme Governance document).

17.2 Who approves projects?

Projects that are not already in the capital programme with an estimated cost of more than £200,000 but less than £500,000 need approval of Cabinet or the Leader on the recommendation of the Responsible Finance Officer in consultation with the City Council Investment Board. Projects that are not already in the capital programme with an estimated cost of more than £500,000 require approval of Council on the recommendation of cabinet or the Leader may make the decision.

17.3 Project approval report

The project approval report to the cabinet must include:

- the aim of the project and any other ways of achieving it
- effects on staffing
- legal, contractual and prudential borrowing code implications
- if the Council is acting through an agent or partnership, legal advice on whether it has the power to act this way
- if it is a key decision, any comments made during consultation and the Council's response
- the estimate amount and timing of any capital and revenue spending, any ongoing effect on revenue, and whether this spending is included in the budget

17.4 Key decisions

If project approvals are key decisions, the [Access to Information Rules](#) (see Part F) and [Cabinet Key Decision Procedures](#) (see Part C) apply.

18 Capital projects

Spending is only allowed on capital projects that:

- have project approval
- are in the Capital Programme

- have been through the correct procedure in the [Contract Standing Orders](#) (see Standing Orders 17 - 21).

19 Treasury management

19.1 Treasury Management Strategy

The Responsible Finance Officer will produce the treasury management strategy. This will set out the treasury plans for the next year (including any prudential borrowing plans). The strategy will include a list of organisations the Council will borrow from and lend to and the maximum individual amounts it will borrow or lend. The treasury management strategy must be scrutinised by Audit Committee prior to submission to Full Council for approval. A mid year and end of year report must also be produced and submitted to Audit Committee for scrutiny prior to submission to Full Council.

19.2 Day-to-day treasury management

The Responsible Finance Officer is responsible for day-to-day treasury management in liaison with the Treasury Management Board. Treasury management is carried out in accordance with detailed Treasury Management Practices, which are approved by Audit Committee. The Responsible Finance Officer will make sure:

- all borrowing and investment complies with the Council's treasury management strategy and the Chartered Institute of Public Finance and Accountancy's Code of Practice on Treasury Management and the Prudential Code
- all borrowing and lending is done in the name of the Council
- all securities are held by the appropriate Director or Assistant Director

19.3 Bank accounts

Only the Responsible Finance Officer can open a bank or building society account on behalf of the Council. The Responsible Finance Officer is responsible for managing all accounts.

20 Asset Management

20.1 Responsibilities of Responsible Finance Officer

The Responsible Finance Officer will:

- recommend the asset management policy and capital strategy to Council
- produce guideline for acquiring, managing and disposing of assets
- make sure the Council's records include any money from sales
- make sure the Council's records do not include the value of any assets that have been disposed of

20.2 Register of fixed assets

The Responsible Finance Officer will keep a register of all fixed assets worth more than a sum which is decided from time to time by the Responsible Finance Officer. Assistant Directors must report any acquisitions or disposals so that this can be kept up-to-date.

Every year the Responsible Finance Officer will check that the assets are still shown at the right value, that they have a suitable asset life and that they have been properly depreciated.

20.3 Disposing of assets (except land)

All staff should follow the Responsible Finance Officer's instructions on the disposal of surplus or obsolete vehicles, plant, furniture, materials, stocks, stores or other equipment. Arrangements for the disposal of surplus goods, materials, vehicles and equipment should be carried out in the manner most beneficial to the Council, making every effort to dispose of surplus or obsolete assets by competitive tender or by public auction. Where the estimated value of the proceeds is at a level determined by the Responsible Finance Officer, officers must keep a record of all disposals on inventories or within stock systems, including details of the quantity, items, proceeds and the purchaser. Sale proceeds must be banked and accounted for promptly, and the Responsible Finance Officer must be notified of the disposal of any capital assets.

The disposal of computers and other recordable Information and Communication Technology media should be arranged via the Information and Communication Technology department, who will ensure that all data is properly erased prior to disposal.

20.4 Arranging leases

The Council has employed the services of a leasing advisor to obtain the most favourable terms for its leasing agreements and the advisor should be consulted on all lease proposals. Before entering into any finance or operating lease, or lease rental agreement, or PFI arrangements, Chief Officers must get agreement from the Responsible Finance Officer to ensure that the arrangement is financially advantageous to the Council and should take appropriate legal advice from the Head of Legal Services. Staff must keep an inventory of all leased assets and make sure assets are returned at the end of the lease period in accordance with the terms of the arrangement. This inventory must be made available to the Responsible Finance Officer for the preparation of the statutory accounts.

20.5 Computer systems

The Assistant Director for Finance has overall responsibility for the Council's computer systems. The Assistant Director for Finance is also responsible for making staff aware of their responsibilities relating to the computer systems.

20.6 Stocks and Inventories

The Council holds stocks of various materials for use in service delivery. Every effort should be taken to ensure excessive stocks are not held.

Obsolete stock may be written off subject to the write off limits for debt (see Financial Regulation 27).

20.7 Security of Assets

Officers must ensure that all assets are safeguarded against loss, damage, misuse or any other unnecessary diminution in value so that they continue to be available to provide continuity of efficient service delivery. Similarly, information must also be safeguarded so that service delivery can continue.

21 Intellectual property

Intellectual property is a generic term which includes inventions and written works. Certain creations, particularly computer software, may have a commercial value and be marketable outside the Council.

As a general rule, items of intellectual property which are created by an employee during the normal course of their employment will be the property of the Council, not the employee.

Various Acts of Parliament detail the treatment of different types of intellectual property and provide for the patenting of the development work to safeguard it against exploitation.

22 Risk management

22.1 Responsibilities of the Cabinet

The Cabinet will identify key risks and promote risk management in the Council. The Chief Executive will report to the Cabinet on how risk is being managed.

22.2 Responsibilities of the Responsible Finance Officer

The Responsible Finance Officer will prepare and update the Council's risk register and related policies (including anti-fraud and anti-corruption policies). The risk register must be agreed by the Cabinet.

22.3 Responsibilities of Assistant Directors

Assistant Directors must:

- identify and manage risks in their service areas;
- have contingency plans for major risks;
- tell the Responsible Finance Officer of any risks that could result in losses or claims against the Council.

23 Wages, salaries and pensions

23.1 The Responsible Finance Officer is responsible for paying all wages and expenses, including Councillors' allowances.

23.2 Staff costs are the largest item of expenditure for most of the Council's services. It is therefore important that payments to current and former employees are made, accurately, on the due date and in accordance with the individual's conditions of service.

23.3 Payments to Councillors must be in accordance with the scheme approved by the Council and recorded accurately and promptly; and comply with statutory and other corporate requirements.

23.4 Assistant Directors must tell the Head of Human Resources, Organisational Development and ICT of any changes to staff pay and any deductions that need to be made.

24 Ordering and paying for goods and service

24.1 Role of Responsible Finance Officer

The Responsible Finance Officer will make sure there are proper procedures and controls for ordering and paying for goods and services.

New systems for orders or payments must be agreed by the Responsible Finance Officer.

24.2 Responsibilities of Assistant Directors

Assistant Directors are responsible for their service areas' orders and payments. They must make sure those officers who order and pay for goods have been properly trained and that responsibility for ordering and paying for goods are kept separate.

24.3 Orders

Orders must normally be in writing. Orders can be given orally in emergencies only and must be confirmed in writing as soon as possible.

Official orders for the purchase of goods or services must be in a standard form approved by the Responsible Finance Officer and must be issued for all purchases with the exception of utilities (gas, electricity, water etc), taxis, refunds, grants, periodic payments (such as rent or rates), petty cash purchases, purchasing cards or other exceptions specified by the Responsible Finance Officer.

In addition commitments from credit card, purchasing card or internet purchases must only occur through the Council's approved scheme and in accordance with the instructions on that scheme from the Strategic Director for Corporate Support.

Official orders must not be raised for any personal or private purchases.

The authorisation profiles agreed by the Responsible Finance Officer and fixed within the Purchasing system are as follows:

<u>Purchase Order Authorisation Limits</u>	
Directors	Above £5,000,000
Assistant Directors	Up to £1,000,000
Heads of Service (Team Plymouth)	Up to £500,000
4 th Tier Officers and below:*	
Grades H to I	Up to £50,000
Grades F to G	Up to £2,500

Officers below F Grades will not be able to authorise orders.

*Any exceptions to these parameters will be subject to approval by the Strategic Director of Corporate Services (or his/her nominated deputy).

The use of e-business, e-commerce, credit / debit or purchasing cards, or other electronic means of purchasing goods or services, must be authorised by the Responsible Finance Officer and will be subject to the following limits:

Purchase Card Limits	Maximum transaction limit	Maximum Authorised Card limit
	£	£
Chief Officer	10,000	50,000
Buyer/Procurement Officer	5,000	50,000
Emergency Planning Officer	20,000	100,000
Standard PCC Employee	500	2,000

Approval in excess of these limits may be given by the Responsible Finance Officer in exceptional cases, for example Lodge Cards.

24.4 Unusual terms and conditions

Officers should check with the Head of Legal Services before accepting any unusual terms or conditions.

25 Petty cash

The Assistant Directors will oversee the system of petty cash floats. Floats will only be topped up when a proper claim is made with receipts for all items. The Responsible Finance Officer will give detailed guidance on petty cash.

26 Income

26.1 Responsibilities of Responsible Finance Officer

The Responsible Finance Officer will ensure that systems exist for all income to be identified, collected, receipted and promptly banked.

26.2 Responsibilities of Assistant Directors

Assistant Directors must have a proper scheme of delegation for dealing with income and spending in their service area and must make sure it is working. There must be extra controls in service areas that collect cash or cheques. Assistant Directors must ensure that:

- officers are suitably trained
- official receipts are always given
- proper records are kept
- money is banked as soon as possible

- VAT is properly accounted for

Assistant Directors must have effective systems for monitoring income due to their service area. The Responsible Finance Officer must be told if income is much less than expected and it cannot be explained.

Assistant Directors must not run their own debtor systems without the agreement of the Responsible Finance Officer.

26.3 Invoices

The format of invoices must be approved by the Responsible Finance Officer. Invoices must make it clear that payment should be made to Plymouth City Council.

27 Debt

27.1 Collecting debt

The Cabinet will set procedures for managing debt. Officers must:

- make sure invoices are accurate
- send invoices promptly
- act quickly to collect debts
- sort out disputes as quickly as possible

27.2 Writing off debt

The rules for writing off debts are as shown in the table below:

Value of Debt	Who can approve it?
Up to £40	Nominated recovery officers
Up to £200	Nominated recovery officers (Grade E and above)
Up to £1,000	Nominated Officers (Grade H and above)
Up to £10,000	Heads of Service and other nominated officers of the Strategic Director of Corporate Services
Up to £10,000	School principal and/or governors (schools debt)
Up to £100,000	Responsible Finance Officer
Up to £200,000	Cabinet Member
All debt over £200,000 unless covered by below exception	Cabinet
Unlimited in the case of bankruptcy or liquidation/CVA/death/no assets/no trace	Responsible Finance Officer or other senior finance officer nominated by him.

27.3 Cancelling debt

Debts can be cancelled if they have been raised by mistake. All cancellations over £5,000 must be agreed by the Responsible Finance Officer or his/her nominated Officer.

28 Payments for Loss, Damage or Personal Injury

Officers may make ex gratia payments for loss or damage or personal injury up to a maximum of £1,000 to any one payee in any one year following consultation with the Council's corporate risk manager and the Head of Legal Services.

29 Money laundering

The Council has procedures for checking and recording the intentions of the people and organisations it does business with and for reporting suspected money laundering. Officers must not:

- conceal, disguise, convert, transfer or remove anything gained through crime
- tip off a criminal or suspect
- assist money laundering
- pay money to terrorists or suspected terrorists or their organisations.

The maximum amount of cash that can be taken in any one transaction is £9,000.

30 External Funding

The Responsible Finance Officer will providing specific guidance to Directors and Assistant Directors to enable them to account properly for funding receivable from external sources. This will be contained within the Index.

31 Work for Third Parties

The Responsible Finance Officer will provide guidance and advice to Directors and Assistant Directors in respect of the financial aspects of third party contracts, contractual arrangements for the provision of services to third parties or external bodies.

32 Loans and Guarantee arrangements

Officers must not enter into an arrangement to provide Loan or Guarantee facilities to any third parties without the prior approval of the Responsible Finance Officer and Head of Legal Services.

33 Supplementary governance document

These documents are intended to be a detailed working practice but cannot override any requirements contained within the approved Financial Regulations or its Index of linked Policies.

33.1 The Financial Regulations Approved Governance Documents

Medium Term Financial Strategy
Budget Book
Statement of Accounts
Annual Governance Statement
Risk Management Strategy
Introduction to Local Government Finance
Asset Management Plan and Capital Strategy
VAT handbook
Plymouth Trading Fair Funding Guide
Fair Funding for Schools Scheme
Treasury Management Strategy
Annual audit plan
Anti Fraud and Corruption Policy
Retention and Disposition Schedule
Ordering and paying for the purchase of work, supplies and services
Arrangements for the collection and processing of income and other amount due
Budget Carry Forward Policy
Capital Programme Governance Document

33.2 Draft Documents yet to be Approval by Audit Committee

Money Laundering Policy
External Funding/Grants Protocol
Income and Credit Management Policy
Key Controls and Responsibilities

33.3 Working Practices available on the Financial Management Web Pages

Budget Managers' Role Definition
Procurement and Purchasing Card Arrangements
Creditors User Guide
Working Practices for Purchasing and Creditors
Procedures for Purchasing Goods and Services
Purchasing Manual
Bad Debt Write Off Policy
Debtors Manual
Financial Management and Budgetary Control Training Guide
Close Down Guidance and Timetable
Virement Working Practice
Journal Transfer Working Practice

General Ledger Introductory Guide
Treasury Management Practices

Contract Standing Orders

In this section:

- 1 When do these standing orders apply?
- 2 Other relevant guidance, rules and law
- 3 Responsibility to follow these standing orders and relevant law
- 4 Interests of Councillors and officers in contracts
- 5 Gifts and hospitality
- 6 Procurement advertisements
- 7 Before a contract is procured
- 8 Estimating the total contract value
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- 36 Contract Award Notice
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- 40 Joint Procurement
- 41 Consultants
- 42 Statistical Returns
- 43 Contract Extension and Variation
- 44 Termination of Contracts
- 45 Review and amendment of Contract Standing Orders
- 46 Interpreting Contract Standing Orders

1. When do these standing orders apply?

- 1.1 These standing orders apply when the council expects to spend money or provide other value for goods, works or services. They do not apply to contracts of employment with the Council. They apply to both capital and revenue and cover:
- contracts for goods, works or services
 - acquisitions and disposals of land or buildings
- 1.2 The officers named in Standing Order 11.1 have authority to waive the requirements of any of these rules (but they must always comply with national and EU law.)

2. Other relevant guidance, rules and law

- 2.1 All contracts entered into by the Council must be to carry out the Council's functions or be in connection with the Council's functions. They must comply with:
- all relevant national law and EU procurement law
 - all relevant EU procurement rules and guidance
 - the Financial Regulations (see part G of the Constitution)
 - the policy framework and budget procedures (see part B of the Constitution)
 - the Constitution.
- 2.2 Officers must consider the requirements of the Constitution and legal issues when entering contracts and must ensure the risks are fully assessed.

3. Responsibility to follow these standing orders and relevant law

- 3.1 These standing orders apply to all officers. It is the responsibility of the relevant Assistant Director to make sure that their staff follow standing orders.
- 3.2 The Council may take disciplinary and/or legal action against anyone who breaks these rules or the relevant national or EU law.

4. Interests of Councillors and officers in contracts

- 4.1 Requirement to avoid conflicts of interest: Councillors, officers and anyone acting for the council in connection with the procurement, award and management of council contracts must act with the highest standards of probity and avoid conflicts of interest.
- 4.2 Councillors' interests: Councillors must follow the Councillors Code of Conduct ([see Part G of the Constitution](#)). In addition it is a criminal offence for a councillor not to declare a financial interest in a contract.
- 4.3 Officer interests, reports and advice: Officers must declare interests in contracts. It is a criminal offence for an officer not to declare a financial interest in a contract. (This does not apply to an officer's own contract of employment or their tenancy of a council owned property).
- 4.4 Directors are responsible for recording officers' financial interests in a register that is kept in the department.
- 4.5 Officers should not write reports on something they have declared an interest in; or advise council or the cabinet or a committee on something they have declared an interest.

5. Gifts and hospitality

- 5.1 As a general rule councillors and officers must not accept:
- any gift (other than an inexpensive gift such as a calendar or diary for use in the office); or
 - any hospitality
 - from suppliers or potential suppliers, or from any firm or organisation with whom the council has had, is having or may have any dealings of any kind - without the written authorisation of a Director.
- 5.2 'Hospitality' includes drinks, meals, entertainment, overnight accommodation, travel and holidays, but does not include a lift in a private or company car or a taxi or refreshments in the course of office duty (e.g. a working lunch).
- 5.3 All staff who accept gifts or hospitality must complete a receipt of gift or hospitality form. Once completed the form should be sent to the Monitoring Officer.
- 5.4 Directors must immediately enter in a register, particulars of:
- any gift (including how it has been returned to the giver or otherwise disposed of e.g. donated to the Lord Mayor for charitable purposes); and
 - any hospitality.

6. Procurement advertisements

The Council will publish all procurement opportunities and contract awards over £100,000 on the Council's procurement portal (www.devontenders.gov.uk).

7. Before a contract is procured

Before undertaking a procurement the authorised officer must:

- identify the need for the services, goods or works in question and fully assess all options for meeting those needs (including recycling and re-use where appropriate)
- establish a business case for the procurement
- establish the council has the legal power to enter into the contract
- contact strategic procurement to discuss the available options
- make sure the project has been accepted onto the capital programme, if it is a capital project See capital programme governance document.
- consider whether there is an appropriate framework agreement or Office of Corporate Governance(OGC) contract that could be used)
- consider the Council's procurement business plan as appropriate
- choose a course of action which represents best value for money for the council

8. Estimating the total contract value

- 8.1 The total contract value is the total amount (minus VAT) that is expected to be paid to the supplier as a result of the contract award during the whole of the contract. If the value is £50,000 per annum for two years, then the total value of the contract is estimated at £100,000. It includes
- the value of any non-monetary consideration or benefit the Council is giving to the supplier
 - the value of anything the Council is getting for free as part of the contract

- any amount that could be paid by extending the contract (if it is possible to extend it).
- 8.2 If the length of a contract is uncertain and the value cannot be reasonably estimated, its total value will be its estimated monthly value times 48.
- 8.3 A single contract must not be split into smaller contracts to get around these contract standing orders or the law, and goods, services or works must not be split to get around these contract standing orders or the law.
- 8.4 The contract must be treated as a high value procurement where there is a transfer of staff.

9. Format of contracts

- 9.1 Contracts must be in writing.
- 9.2 Contracts must be executed as a deed (sealed) if they are for property building and construction, nil consideration, probate, or if the Head of Legal Services advises they must be executed as a deed.
- 9.3 Contracts over £100,000 must be in a form approved by the Head of Legal Services.
- 9.4 Contracts over £100,000 must be signed by two authorised officers or sealed; contracts for a lesser sum must be signed by one authorised officer or sealed.
- 9.5 Contracts over the EU threshold must comply with relevant EU procurement law.
- 9.6 Electronic signatures may be used in accordance with the Electronic Signature Regulations 2002 if the strategic procurement manager is satisfied that the arrangements are secure.

10. Contract terms and conditions

- 10.1 Contracts must be entered into on the council's terms and conditions, which will be referenced on each purchase order and included with each Invitation to tender ("ITT"). Exceptions to this rule must be approved by the Head of Legal Services.
- 10.2 Where contracts are subject to the Regulations, the rules relating to technical specifications will be followed and any reference to a technical standard, make or type will be prefaced with the words "or equivalent". This requirement applies to both Part A and Part B Services (as defined in the Regulations).
- 10.3 The standard terms and conditions of the council are available on the website.

11. When is there no need to seek quotes or tenders?

- 11.1 Emergencies: If there is an unforeseen emergency or a disaster involving immediate risk to persons, property or serious disruption to council services or significant financial loss any Director can approve waiving these rules after consulting the Head of Legal Services where practicable. They must prepare a report for the next Cabinet to support the action taken.
- 11.2 Exempt contracts: The following contracts are exempt from the requirements to obtain tenders provided that quotations are sought.
 - contracts for less than £100,000;
 - contracts relating solely to disposal or acquisition of an interest in land, provided that the contract is not deemed to be a works contract in which case the contract shall be procured in accordance with these rules as a works contract;
 - contracts for individual personal care services;
 - transactions conducted by the Chief Finance Officer in respect of dealing in the money market or obtaining finance for the Council;

- contracts offered by the Head of Legal Services for the appointment of counsel;
 - contracts where a sole supplier has exclusive rights (e.g. alterations to statutory undertakers apparatus).
- 11.3 Where there is a written waiver: In cases where the EU regulations do not apply, the relevant Director and the heads of strategic procurement and legal services can waive the requirements of any of the contract rules. All waivers and the reasons for them must be recorded using the designated form which can be found on the document library. The waiver form must be signed by the Director and agreed by the heads of strategic procurement, legal services and the head of the relevant service area.

12. Purchasing Card Procurement

- 12.1 Purchasing cards are badged charge cards, issued to an individual for the express function of purchasing one off requirements or low value, low risk goods and services for the authority which are not available as a catalogue item on the CIVICA purchasing system.
- 12.2 Only the person whose name appears on the card is authorised to use the card up to the maximum transaction value as detailed in table 13
- 12.3 They work in a similar way to personal credit cards, however they do not offer extended credit and the balance on the cards is automatically paid off monthly. Cash cannot be withdrawn except by nominated Emergency Response Officers.
- 12.4 Purchasing cards shall only be used in accordance with the Purchasing Card Cardholder User Guide which is available on the document library.
- 12.5 The application for a Purchase Card is available on the document library.

13. Table of purchase card limits

	Maximum Transaction Limit	Maximum Authorised Card Limit
Director	£2,000	£10,000
Head of Service	£1,000	£5,000
3rd Tier Manager	£1,000	£5,000
Head Teacher	£1,000	£10,000
Departmental Nominated Purchase Officer	£10,000	£20,000
Emergency Planning Officer	£20,000	£100,000
Senior Officer from Finance Department (for Emergency response purposes)	£20,000	£100,000

14. Lodge Cards

- 14.1 Lodge cards are a type of credit card which are badged and “lodged” with the supplier so the card number does not need to be quoted on each order. They provide a cost effective and simple means of managing and allocating spend, ensuring the availability of electronic management information without the need for placing purchase orders.
- 14.2 Lodge cards should be used with suppliers whose service is provided centrally to a service area such as schools catering, travel etc. Agreement for the use of a lodge card will only be given by the Strategic Procurement Manager.

15. Fuel Cards

15.1 Fuel cards are a type of credit card used solely to purchase fuel; they can be used in all of the major UK filling stations.

15.2 There are three different types of cards:

- Person Card: This card is assigned to a specific person and can only be utilised by that person when using a hire car or a fleet vehicle which is utilised by a number of people. This card cannot be used for casual and essential users.
- Vehicle Card: This card is utilised for our fleet vehicles and is allocated to a specific registration
- Bearer Card: Bearer cards are not assigned to either an individual or specific vehicle they are assigned to a department for all to use. These cards offer a high risk of fraudulent use, therefore, the issuing and management of the card has to be done in a controlled manner as detailed in the instructions for use (available on the document library).

15.3 Application forms for any of the above fuel cards are available from strategic procurement.

15.4 Fuel cards shall only be used in accordance with the Fuel Card Cardholder User Guide (available on the document library).

16. Contract Procurement – existing and corporate contracts

16.1 Competitive quotations and tenders are not required if there is a contract already in place. The contract register detailing the list of contracts is available on the document library.

16.2 Many of the corporate contracts are set up as catalogue items available to purchase using the CIVICA purchasing system. Anyone with access to the system can place a purchase order for catalogued goods and services by [Finding a Product](#) in the Civica Purchasing system.

17. Low Value/Low Risk Procurements

17.1 For goods and services procurements valued below £100,000 and for non-technical works procurements valued below £200,000 a purchase requisition (available on the document library) will need to be completed detailing the full specification including manufacturers part number (if applicable), quantity, delivery date and charge codes and sent to the procurement mailbox. The operational procurement team will source at least three written quotations, two of which shall be from local suppliers where possible, utilising the chosen portal, Sell 2 Plymouth, before a formal purchase order is issued specifying the goods or services to be provided and setting out the price and terms of purchase. Faxed or e-mailed quotations are acceptable for these purposes.

17.2 For technical procurements valued below £100,000 and for technical works procurements which are valued below £200,000 a detailed specification will need to be completed including evaluation criteria, plus for works the chosen terms and conditions and sent to the procurement mailbox. The strategic procurement department will support this procurement.

17.3 To avoid unnecessary risk, only Council approved purchasing suppliers should be used.

17.4 Approved suppliers are those who have registered and have been green flagged on the Council's Sell 2 Plymouth vendor management portal. <http://www.sell2plymouth.co.uk>

18. High Value/High Risk Procurements

- 18.1 For all procurements of goods and services valued above £100,000 or above £200,000 for works procurements or those where staff will transfer, a tender and contract award procedure must be conducted in accordance with these contract rules. The outcome of the contract award procedure must be recorded in the contracts register, which is maintained by the strategic procurement department.
- 18.2 For all procurements above £100,000, approval must be obtained for both the evaluation criteria and award of contract in accordance with the table in 19.
- 18.3 In the event of a re-tender due to legal obligations under procurement law, authorisation to re-tender is not required. In all other circumstances (i.e. new procurements) Business case approval must be sought in accordance with the table of authorisation detailed in 19.
- 18.4 Any contract that is funded by capital funds can only be approved if it is on the capital programme.

19. Who can authorise contracts?

Contract Value	Who can authorise the outline business case or tender?	Who can agree the evaluation criteria?	To be placed on the Forward Plan?	Approval documents required	Who can award the contract?
Over £100,000 and less than £500,000	Assistant Director	Assistant Director	N/A (unless it constitutes a key decision)	Contract Award Report	Assistant Director
Over £500,000 and less than £2,000,000	Cabinet Member	Assistant Director	N/A (unless it constitutes a key decision)	Contract Award Report and Delegated Decision Report	Cabinet Member
Over £2,000,000 or a key decision	Cabinet	Assistant Director	Yes	Contract Award Report and Cabinet Report	Cabinet

20. High value/high risk procurement process

- 20.1 Prior to the commencement of procurement the Authorised Officer will develop the procurement approach.
- 20.2 One of five procurement procedures must be used as appropriate for the particular procurement i.e. open, restricted, competitive dialogue, negotiated or predetermined framework agreement (information on these procedures are detailed below (see sections 22 to 26).
- 20.3 For procurements valued above £100,000 but falling below the EU threshold tender timescales and procedures can be adjusted accordingly but only after consultation with strategic procurement.
- 20.4 For procurements that constitute a key decision or are above £500,000, decisions to approve the business case must be taken by either the cabinet member or cabinet as detailed in table 19 above and the head of service needs to arrange for notice of the earliest

date on which the decision could be taken to be placed on the forward plan. The head of service will also need to provide appropriate reports to the portfolio holder or cabinet using the standard forms that are available on the document library.

21. Application of the Regulations

21.1 Where an estimated value of a contract exceeds the current EU threshold then the contract must be procured in accordance with the Regulations, unless there is a suitable framework available. Under the Regulations, the contract may be tendered under the restricted, open, competitive dialogue or, in exceptional circumstances exhaustively set out in the Regulations, the negotiated procedure.

21.2 The current EU thresholds effective from 1st January 2012 that will apply to the 31st December 2013 are:

	Supplies	Services	Works
Value at which a Contract/Order must be put through the EU process	£173,934	£173,934	£4,348,350

21.3 For procurements subject to EU thresholds a contract notice in the prescribed form will be published in the Official Journal of the European Union (OJEU) in order to invite tenders for or expressions of interest.

21.4 Procurements for Part B services (as defined in the regulations) do not need to be advertised in the OJEU unless there is a possibility of cross border interest. The successful tenderer's details must be published in the OJEU.

21.5 The rules relating to technical specifications and the publication of contract award notices will be observed for all contracts as must the EU Treaty and the general principles of EU law including non-discrimination, equal treatment, proportionality, transparency and mutual recognition.

21.6 The Regulations set out the minimum timescales for receipt of expressions of interest and tenders. Where the council has published a Prior Information Notice announcing its forthcoming contracts for the year ahead, then the council may rely on reduced timescales as set out in the regulations if appropriate.

21.7 When using any procedure under OJEU, the contract award is subject to a mandatory 10-day standstill period. The 10 day standstill period starts on the day that all the suppliers are formally notified via either fax letters or e-mail of the decision to award the contract or conclude the framework agreement. This notice must also give details of the criteria for the award the reasons for the decision, including the characteristics and relative advantages of the successful tender, their respective score against the evaluation criteria (as set down in the ITT) and the score and name of the winning tenderer, and the date before which the council will not enter the contract or conclude the framework agreement. Once the 10 days have expired then on the next working day the council is able to place the contract with the successful tenderer (days to be added for bank holidays), if no valid challenge is received.

21.8 The regulations allow contracting authorities to reserve contracts for supported factories and businesses, [Public Sector Procurement Directive Article 19 \(Regulation 7 of the Regulations\)](#) applies. This directive is committed to ensuring equality of employment opportunity for everyone.

22. Restricted Procedure

22.1 The Authorised Officer must publish an advertisement:

- in OJEU (if required by the Regulations)
- on the council's procurement portal (www.devontenders.gov.uk)

22.2 Only those suppliers selected by the Council may be invited to tender. Suppliers will be selected on the basis of published pre-qualification criteria.

22.3 If the Regulations apply, a minimum of five suppliers must be invited to tender and in all other cases a minimum of three must be invited to tender.

22.4 The Restricted Procedure is the Council's chosen standard process for procurements above the £100,000. Any other process can only be used if the relevant officers have agreed to waive this rule and have signed the necessary forms – see section 11.3.

22.5 If the regulations do not apply, tender timescales can be amended accordingly.

23. Open Procedure

23.1 The Authorised Officer must publish an advertisement in:

- OJEU (if required by the Regulations)
- on the council's procurement portal (www.devontenders.gov.uk)

23.2 The advertisement must contain details of the proposed contract and specify a time limit within which interested parties may express an interest in tendering for the contract.

23.3 After the expiry of the deadline date for expressions of interest, the Council will send any party expressing an interest an ITT. The ITT must specify the return date for tenders.

24. Negotiated Procedure

24.1 This procedure may only be used after consultation with the strategic procurement manager and having obtained the agreement of the Head of Legal Services. It may only be used in very limited circumstances and is rarely used by local authorities.

24.2 The Authorised Officer must publish an advertisement in OJEU and the council's procurement portal. Only those suppliers selected by the council are invited to tender. Suppliers shall be selected on the basis of published pre-qualification criteria. Any notice will state that a negotiated procedure is being used.

24.3 A minimum of three suppliers should be invited to negotiate following publication of a notice.

24.4 At minimum of two officers, at least one of whom must be a strategic procurement representative or their delegate, must be present at all times during the negotiations.

24.5 The authorised officer must keep proper records of all negotiations and these will be signed as such by all participants.

24.6 At all times during the negotiations, the council will consider and implement the principles of non-discrimination, equal treatment and transparency.

25. Competitive Dialogue Procedure

25.1 The competitive dialogue procedure is for use where the strategic procurement manager considers that the open or restricted procedure will not allow the award of the contract due to the fact that it is a particularly complex procurement. The use of the competitive

dialogue procedure must be considered before the use of the negotiated procedure. It can only be used with the most economically advantageous award criteria and this must be stated in the contract notice or accompanying descriptive document.

- 25.2 The council envisages the competitive dialogue procedure being used for many private public partnerships where contracts are complex and the technical means and/or the legal and financial structure cannot be determined without dialogue with suppliers.
- 25.3 In the case of a particularly complex contract, you may be aware of your needs but not know in advance what the best technical, and/or legal and/or financial solution is. A competitive dialogue procedure between buyers and suppliers is therefore necessary to identify the solution or solutions that best meet their needs. Such a dialogue is not allowed under the current open and restricted procedures. However, the process is time-consuming and the most expensive method of procurement.
- 25.4 The Authorised Officer must publish an advertisement in:
- OJEU (if required by the Regulations)
 - on the council's procurement portal (www.devontenders.gov.uk).
- 25.5 The Regulations set out further rules which apply to Competitive Dialogue Procurements. Competitive Dialogue procurements should be referred to the council's strategic procurement and legal services teams.

26. Predetermined Framework Agreements

- 26.1 Framework agreements set up by third party organisations may be used after consultation with the strategic procurement manager and head of legal services.
- 26.2 Framework agreements established by the council will be procured in accordance with the regulations.
- 26.3 When awarding call-offs (individual contracts), under framework agreements, the authority does not have to go through the full procedural steps in the Regulations again so long as the rules were followed appropriately in the setting up of the framework agreements themselves.
- 26.4 Call-offs under the framework agreement should be awarded within the terms laid down in the agreement.
- 26.5 Arrangements to enter into a contract through a call-off agreement will still require appropriate authorisations as shown in the table of authorisation in section 19.

27. Pre-qualification

- 27.1 The council will only enter into a contract with a supplier if it is satisfied as to the supplier's:
- eligibility in accordance with regulation 23 of the regulations and
 - economic and financial standing and
 - technical or professional ability.
- 27.2 Technical ability includes the supplier's quality management systems including human resources, health and safety, equality and diversity provisions and environmental management systems where relevant to the performance of the contract.
- 27.3 The council's standard pre-qualification questionnaire template document is available on the document library.

28. The Invitation to Tender

28.1 The invitation to tender (“ITT”) will include details of the Council’s requirements for the particular contract including:

- i. a description of the goods, services or works being procured;
- ii. the procurement timetable including the tender return date and time, which will allow a reasonable period for the applicants to prepare their tenders;
- iii. a specification and instructions on whether any variants are permissible (this must be stated in any OJEU notice);
- iv. the council’s terms and conditions of contract;
- v. the evaluation criteria including scoring methodology and any weightings as considered appropriate;
- vi. pricing mechanism and instructions for completion;
- vii. whether the Council is of the view that the Transfer of Undertakings Protection of Employment (TUPE) regulations may apply;
- viii. form and content of method statements to be provided;
- ix. a requirement for tenderers to declare that the tender content, price, or any other particulars concerning the tender have not been unnecessarily disclosed to any other party;
- x. any further information which will inform or assist tenderers in preparing tenders;
- xi. a statement that the Council is not obliged to accept the lowest or any tender and that the tenderers are responsible for their own costs with regard to the tender;
- xii. the address for the return of a hard copy tender must be:
Plymouth City Council
Strategic Procurement Department
Ballard House
West Hoe Road
Plymouth
PL1 3BJ

Electronic tenders should be uploaded onto www.devontenders.gov.uk

28.2 The council’s standard tender template document is available on the document library and also on the procurement website.

28.3 The requirements of 28.1 may be varied as appropriate for procurements falling under section 24 (negotiated procedure), 25 (competitive dialogue procedure) and 26 (predetermined frameworks).

29. Submission and Opening of Tenders

29.1 Tenders must be submitted in accordance with requirements set out in the ITT. Tenders must be kept in a safe place by the strategic procurement department and remain unopened until the time and date specified for its opening. Tenders received after the specified date and time will not be considered or accepted by the council unless the strategic procurement manager is satisfied that there is sufficient evidence for the tender having been despatched in sufficient time for it to have arrived before the closing date and time.

29.2 Tenders must be opened by an officer of the strategic procurement department and one or more officers of the project team. An immediate record will be made of the tenders received including names, addresses and the date and time of opening.

29.3 Prior to the tender evaluation all officers of the tender evaluation team are required to sign a declaration of direct or indirect interest, canvassing and confidentiality form. The completed form should be returned to the strategic procurement department.

30. Electronic Tendering

30.1 Requests for quotations (RFQs) and ITTs may be transmitted by electronic means. Quotations and tenders may be submitted by electronic means provided that:

- i. evidence that the transmission was successfully completed is obtained and recorded;
- ii. electronic tenders are kept in a separate secure folder under the control of the strategic procurement department, which is not opened until the deadline has passed for receipt of tenders.

31. Tender Evaluation

31.1 Tenders will be evaluated in accordance with the weighted evaluation criteria which must be detailed in the ITT.

31.2 All contracts, except contracts where lowest price was predetermined to be the appropriate criteria, will be awarded on the basis of the offer which represents 'Best Value for Money' to the council.

31.3 The evaluation criteria must be predetermined, given weightings, and listed in the ITT documentation, in order of importance if applicable. The criteria must be strictly observed at all times throughout the contract award procedure by any officer involved in the tender evaluation.

32. Evaluation Team

32.1 An evaluation team will need to be formed for each procurement subject to the Regulations or for goods and services valued above £100,000, or for works procurements valued above £200,000.

32.2 The evaluation team should include but not be limited to the authorised officer, strategic procurement, legal & finance.

32.3 It is the responsibility of strategic procurement and/or finance to evaluate the commercial element of the tender.

33. Bonds, Guarantees and Insurance

33.1 For high value procurements, the evaluation team will consider as part of its prequalification assessment and evaluation process whether a performance bond and/or a parent company guarantee (if applicable) will be required from the preferred supplier.

33.2 The evaluation team must also consider the appropriate type and level of insurance requirements for each contract (e.g. employer liability, public liability, professional indemnity, etc.).

34. Award of Contract

34.1 A contract may only be awarded by an officer with the requisite delegated authority to award contracts. The authorised officer should make sure that the budget holder responsible for the contract has sufficient funds in place to sustain the contract prior to award. For all procurements valued at above £500,000 the decision to award a contract

must be made by the cabinet member for the relevant portfolio. (See the table in section 19 which demonstrates the decision levels within the council).

- 34.2 In the event that the council does not wish to award a contract after evaluating a tender response the authorised officer should advise all suppliers in writing detailing the reason for the decision and the way forward.

35. Debriefing

- 35.1 The authorised officer responsible for the procurement will provide feedback to all unsuccessful tenderers, detailing the reasons for the decision, including characteristics and relative advantages of the successful tenderer. Scores of the unsuccessful bidder and the winning bidder must also be issued with the award decision.
- 35.2 Should the unsuccessful tenderer request a further debrief after receipt of the feedback detailed in section 35.1 it is the responsibility of the authorised officer to do so. The standard agenda for the debriefing is available on the document library.

36. Contract Award Notice

Where a contract has been tendered pursuant to the regulations, the council will publish a contract award notice in OJEU no later than 48 days after the date of award of the contract.

37. Copies of tenders and contracts and register of contracts

Keeping copies of old tenders and contracts

- 37.1 The Authorised Officer in respect of a particular procurement must maintain a list of all tenders received.
- 37.2 For every individual contract, a contracts file must be maintained by the chief officer. If the total contract value is over £10,000, the chief officer must keep a copy of the contract for at least seven years from their end date if they were signed; and for at least 13 years from their end date if they were sealed.

38. Keeping a register of contracts

- 38.1 The strategic procurement unit will allocate a contract number to each individual contract and will maintain a register of all contracts awarded above £100,000.
- 38.2 Each chief officer will maintain their own register of all other contracts entered into by their department.
- 38.3 At the end of each quarter the chief officer will send their register to the strategic procurement team for publication in accordance with the Local Transparency – A Practitioners Guide to Publishing New Contracts and Tenders Data, November 2010.

39. What will the register record?

- 39.1 For each contract, the register will record:
- what the contract is for;
 - the total contract value;
 - contract reference number;
 - OJEU details (if applicable);
 - The council officer name & contact details;

- the name, address & contact details of the contractor;
- the start and end dates;
- the procurement method used;
- whether the contract can be extended and how;
- whether a certificate was issued under the Local Government (Contracts) Act;
- For the full list, the contract register is available In the document library.

40. Joint Procurement

- 40.1 Any joint procurement arrangements with other bodies including membership or use of purchasing consortia must be approved by the strategic procurement manager and the head of legal services prior to the commencement of any procurement on behalf of the Council.
- 40.2 Approval will only be given where the joint procurement arrangement assures compliance with the regulations.

41. Consultants

- 41.1 Any consultants used by the Council must be appointed in accordance with these contract rules. The authorised officer must ensure that the consultant's performance is monitored.
- 41.2 Where the Council uses consultants to act on its behalf in relation to any procurement, then the authorised officer must ensure that the consultants carry out any procurement in accordance with these rules.
- 41.3 No consultant may make any decision on whether to award a contract or who a contract should be awarded to.

42. Statistical Returns

- 42.1 Each year the council will make a statistical return to the government for onward transmission to the European Commission concerning the contracts awarded during the year under the regulations.
- 42.2 The strategic procurement manager is responsible for this statistical return and will make the necessary arrangements for information to be collected annually. Directors will comply with these arrangements.

43. Contract Extension and Variation

- 43.1 Any contract may be extended or varied in accordance with its terms. Where the terms do not expressly provide for extension, contracts subject to the regulations may be extended by negotiation in accordance with the rules set out in the regulations. Such extension must be notified to the individual cabinet councillor for the relevant portfolio and EU rules taken into consideration.
- 43.2 Other contracts may be extended only where authorisation has been agreed and a suitable contract extension/exemption for has been completed and duly authorised. The authorised officer must always be satisfied that extension will achieve best value for money and is reasonable in all the relevant circumstances.

44. Termination of Contracts

44.1 Contracts may only be terminated after seeking advice from the strategic procurement manager and the Head of Legal Services. For any contract exceeding £500,000 in value, termination must be approved by the cabinet member for the relevant portfolio. For any contract that is a key decision or is valued above £2,000,000 termination must be approved by the cabinet.

45. Review and Amendment of Contract Standing Orders

45.1 These contract rules will be reviewed and updated on a regular basis by the strategic procurement manager.

45.2 The strategic procurement manager will produce guidance to the use of contract rules.

46. Interpreting Contract Standing Orders

Questions about the contract standing orders and any related guidance will be dealt with by the Strategic Procurement Manager or Head of Legal Services. Their interpretation will be final.

RULES APPLYING TO THE DISPOSAL OF LAND AND PROPERTY

I When do the land and property disposal rules apply?

- 1.1** The land and property disposal rules apply to all disposals of land and property by the Council. They require each service department to formally determine whether a property is surplus to its requirements, after which all other service departments are given the opportunity to consider its re-use for operational purposes, before disposal. The respective ward Councillors are also notified of the pending disposal for their information
- 1.2** The rules aim to generate additional capital receipts, relating to property transactions.
- 1.3** As disposal of land held by Councils can be contentious it is important that officers follow the Council's land and property disposal guidelines to demonstrate good practice, avoid allegations of impropriety and avoid or defeat legal challenge. Where a disposal also involves construction works advice should be obtained from procurement or legal services to establish whether the [Contract Standing Orders](#) in relation to works contracts also apply.

2 Need to follow these rules

- 2.1** In order to comply with legislation and best practice it is essential that the procedures adopted for land disposals seek to obtain the best terms reasonably available:
- (i) allowing all interested parties an equal opportunity to lease or purchase
 - (ii) avoiding partiality or bias
- 2.2** In respect of each disposal (or series of disposals) the corporate property team will declare the land/property surplus to requirements and available for disposal.
- 2.3** In respect of each disposal the Assistant Director for Economic Development will evaluate all relevant matters to the disposal of the property concerned and make a recommendation on the most appropriate method of disposal and in the case of disposal by private treaty, whether a special purchaser be offered direct negotiations. The evaluation will include the financial costs or benefit to the Council of the method of disposal recommended.
- 2.4** Every disposal of land by way of tender must comply with these rules and no exception from any of the following provisions of these rules shall be made otherwise than by the direction of the Council.

3 Tenders

- 3.1** Where land/property is to be disposed of by way of tender the Assistant Director for Economic Development will advertise the Council's intention in a suitable publication. The advertisement will include the following:
- a description of the property to be disposed of
 - an indication that particulars are available from the commercial property service

- the date by which tenders should be returned

3.2 Tenderers shall be requested when returning the tender to provide such evidence of their financial standing as is deemed appropriate in respect of each disposal.

4 Use of select list tenders

4.1 Where land/property is to be disposed of by select list tender in order to facilitate development, the Assistant Director for Economic Development will publish an advertisement in a suitable publication inviting expressions of interest in the property to be disposed of.

4.2 All persons/organisations responding to the advertisement will be issued with particulars which will include details of the property to be disposed of and, if appropriate, an outline of the Council's objectives in securing disposal.

4.3 The particulars will stipulate the information that prospective purchasers will provide in order to be considered for invitation to tender. This will include:

- the prospective purchasers experience of property development
- copies of the prospective purchasers audited accounts covering the previous three years
- where appropriate, preliminary drawings of the development proposed

4.4 The closing date for deposit of submissions to the Council shall be stipulated in the particulars.

4.5 Invitations to tender shall be sent to not fewer than four of the persons who have deposited submissions in response to the advertisement. If fewer than four such persons apply, all shall be invited to tender if, in the opinion of the Assistant Director for Economic Development, they are suitable tenderers and subject to financial appraisal by the Responsible Finance Officer.

5 Information to be given to tenderers

Each invitation to tender, or where the tender is by way of open tender, the tender documents, shall state that no tender will be received except in a plain sealed envelope addressed to:

Legal Services
Plymouth City Council
Civic Centre
Plymouth
PLI 2AA

which must bear the word TENDER and indicate the land/property to which it relates.

5.2 clearly specify the date and time before which the tender must be returned. Any tender returned after the specified time shall not be considered and must not be opened but kept in a safe place by an officer delegated by the head of legal services until the tender has been

awarded. After award, the late tender may be opened to find out the name and address of the tenderer and returned to it, with a note recording the circumstances of its return.

5.3 that any indication on the envelope identifying the tenderer will invalidate the tender.

6 Receipt of tenders

6.1 All tenders will remain in the custody of the head of legal services until the time appointed for their opening.

6.2 The head of legal services will record, in a book to be kept for the purpose; the tenders received and indicate on each tender envelope received the date and time of such receipt.

7 Opening of tenders

7.1 Tenders will be opened at the appointed time by the head of legal services and Assistant Director for Economic Development or other senior officers authorised by them.

7.2 The representative of the head of legal services will list the names of the tenderers and where practicable the respective amount thereof.

7.3 The Assistant Director for Economic Development will initial the tenders and arrange for their immediate tabulation and any necessary further negotiation and checking.

7.4 The Assistant Director for Economic Development will give written notice to the cabinet member of the time appointed for the opening of the tenders so that he/she may be present at the time.

8 Acceptance of tenders

8.1 No tender other than the highest tender will be accepted by the cabinet member unless s/he and the monitoring officer have considered a written report from the Assistant Director for Economic Development.

8.2 As soon as possible after the opening of the tenders the Assistant Director for Economic Development will write to the unsuccessful tenderers informing them of the outcome of the tender exercise.

9 Informal and negotiated tenders

9.1 The preceding paragraphs will apply to informal and negotiated tenders unless they are inconsistent with this paragraph.

9.2 Following the opening of the tenders the Assistant Director for Economic Development or an officer authorised by him/her will enter into negotiations regarding the fulfilment of conditions but will not seek to increase the basic tenders put forward nor accept increased offers from unsuccessful tenderers.

9.3 In cases where the scale, complexity or perceived sensitivity of the negotiation is of particular importance, the negotiating officer will, whenever possible, be accompanied to meetings by another Council officer. (The requirement for a second Council officer will be deemed to be met if the negotiations are attended by an officer of another local authority

or government department or by a representative of external advisers appointed by the Council).

- 9.4** Meetings will normally take place at the Council's offices or at the offices of the Council's advisers, on site, at the premises of the prospective purchaser/lessee or those of their advisers or at the offices of another local authority or government department. Any departure from this practice will be formally recorded on file and notified to the head of service.
- 9.5** Notes of meetings and telephone calls should be recorded at the time on the file.
- 9.6** Where external consultants have been appointed to advise the Council, these rules apply equally to the external consultants as they would to Council officers.

10 Councillors role in land and property transactions

- 10.1** Councillors should not be involved in negotiations on land and property transactions with third parties. Councillor involvement in the discussion of initial scheme proposals (e.g. the assessment of schemes at expression of interest or formal tender stage) will occasionally be necessary but this should only be in the format of proper meetings and presentations organised in consultation with the cabinet member and head of service. Such meetings must be recorded and noted on the file. Where a third party attempts to involve a Councillor in negotiations, the Councillor will refer the same to the Monitoring Officer and will have no further part in the transaction concerned.
- 10.2** No Councillor shall issue any order in respect of works required on any Council site or property.
- 10.3** Similarly, no Councillor shall claim any right to enter upon land and premises not in Council ownership but which the Council has a right or duty to inspect.
- 10.4** Any Councillor proposing to inspect any Council building or works shall not do so without the authority of the Head of Partnerships and Operations, in consultation with the cabinet member responsible for property and shall report back to the cabinet member.'
- 10.5** The Leader, cabinet and cabinet members will take executive decisions about land and property transactions based on written reports from officers.

11. Surplus Property Procedures

What are the procedures which apply when disposing of surplus operational property (excluding Minor Garden Land Disposals)?

A Advance Notification

Where there is potential for any property to become surplus to requirements, the relevant departmental officers will consult with the cabinet member, departmental management team and with the relevant officers in the corporate property team at the earliest possible stage

B Surplus Property Declaration

Where property is no longer required for the purpose for which it was originally acquired or held, or has become unsuitable for purpose or is significantly underused, the responsible controlling head of service will, in consultation with the cabinet member and departmental director, make a recommendation to the Head of Partnerships and Operations to declare the property surplus to requirements.

C Interim Management

Management of property declared surplus to requirements will immediately transfer to the corporate property team.

D Options for re-use

Upon being advised of property being declared surplus, the Head of Partnerships and Operations will inform all Council departments of its availability and a minimum of 14 days will be allowed for them to indicate any requirements for service provision. Ward Councillors will also be notified of impending disposal.

If surplus property is required for service provision and has a value in excess of £250,000, the head of service requiring the property will, following consultation with the cabinet member, Head of Partnerships and Operations and departmental director, prepare a report for consideration by the corporate management team, which will determine whether the property should be retained, or proceed to disposal. If the property has a value less than £250,000 the decision to retain the property or proceed to disposal will be made by the Head of Partnerships and Operations in consultation with the cabinet member responsible for asset management.

E Requirement for Service Provision

If the corporate management team determines that a property will be retained for future service provision, management will transfer to the head of service seeking the property or, in the case of public open space, revert to the original responsible head of service.

F Disposal

If surplus property is not required for service provision, the Head of Partnerships and Operations and/or Assistant Director for Economic Development or other nominee will proceed to make arrangements for its disposal in accordance with the Council's land and property disposal guidelines.

If land declared surplus to requirements is underused public open space or allotments that by virtue of legislation require advertisements and the invitation of objections, an appropriate advertisement will be placed in the local press.

If objections are received in response to an advertisement of intention to dispose of public open space, the Head of Partnerships and Operations and/or Assistant Director for Economic Development will consult with the cabinet member and prepare a report for consideration by the corporate management team to determine whether disposal should proceed.

G Minor Property Interests

Where land being prepared for disposal has a value of less than £200,000 and an area of less than 0.25 hectares, in the case of no alternative use having been put forward, the Head of Partnerships and Operations and/or Assistant Director for Economic Development may declare the property surplus to requirements.

However, the surplus property disposal procedure does not apply to minor garden/amenity land disposals (see policy for disposal of amenity land).

What rules apply when disposing of surplus non operational property (Excluding Minor Garden Land Disposals)?

Non operational property

H Leases Incorporating Options

In all cases where the Council is contractually committed to sell through clauses in existing agreements, the properties will be declared unconditionally surplus to requirements and the appropriately authorised officer will proceed to disposal in accordance with contract requirements.

I Other Income Producing Properties

The Assistant Director for Economic Development may declare property surplus to requirements if the following conditions are met:

- a) The property is an investment property – occupied and let in a non-operational capacity
- b) The property is not required for current or anticipated future service provision

Properties to be sold or let will proceed to disposal in accordance with the Council's land and property disposal guidelines.

J Vacant Investment Property

If investment property is vacant or there is a reasonable likelihood of its becoming vacant and is no longer required for service provision, the Assistant Director for Economic Development will inform other Council departments of its availability for service provision and policies D, F and G above will apply.

K Formal Approvals

Approval Procedures

Decisions reached by the Head of Partnerships and Operations in relation to surplus property declaration and re-use of surplus property will be subject to the approval of the relevant cabinet member for the property service or cabinet where necessary (see Part C).

L Investment properties (including employment land)

Disposal Procedures

Sites and buildings which are held by the Council for economic policy reasons will be deemed to be surplus when disposals are contemplated with the objective of accommodating specific occupiers. In such circumstances, disposal negotiations will be undertaken by private treaty and based on normal market terms.

PROPER OFFICERS AND DELEGATION OF OTHER MISCELLANEOUS FUNCTIONS**I APPOINTMENT OF PROPER OFFICERS**

I.1 All members of the senior management structure may appoint officers to act as proper officers for the purposes of any Act of Parliament or Statutory Instrument if:

- (a) the member of the corporate management team or senior management structure or one of their staff has budgetary or management responsibility for that function; and
- (b) the officer appointed is qualified to carry out the functions of a proper officer; and
- (c) the constitution or the law does not require it to be carried out by someone else.

Legislation		Responsibility	Proper officer
Local Government Act 1972	Section 83(1) to (4)	Witnessing and receiving declarations of acceptance of office	Monitoring Officer
	Section 84(1)	Receiving a Councillor's resignation	Monitoring Officer
	Section 88 (2)	Calling a Council meeting to elect a chair if there is a casual vacancy	Monitoring Officer
	Section 89(1)	Giving notice of a casual vacancy	Monitoring Officer
	Section 100 except 100(d)	Opening meetings to the public	Monitoring Officer
	Section 100(d)	Listing background papers for reports and making copies available for the public to look at	All Assistant Directors

	Section 115(2)	Receiving money due from officers	Responsible Finance Officer
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	Section 146(1)(a) and (b)	Making declarations and certificates about transferring securities	Responsible Finance Officer
	Section 191	Receiving applications under Section 1 of the Ordnance Survey Act	Head of Legal Services
	Section 225	Depositing documents	Head of Legal Services
	Section 228(3)	Making accounts available for Councillors to look at	Responsible Finance Officer
	Section 229(5)	Certifying photocopies of documents	Head of Legal Services
	Section 234	Authenticating documents	Head of Legal Services and all Assistant Directors
	Section 238	Certifying byelaws	Head of Legal Services
	Section 248	Keeping a list of freemen of the city	Monitoring Officer
	Schedule 12, paragraph 4(2)(b)	Signing the summons to Council	Chief Executive
	Schedule 12, paragraph 4(3)	Being told where to send summonses to Council meetings	Monitoring Officer
	Schedule 14, paragraph 25	Certifying resolutions passed under this paragraph	Head of Legal Services
Local Government Act 1974	Section 30(5)	Giving notice that copies of an ombudsman's report are available	Strategic Director for Corporate Support
Local Government (Miscellaneous Provisions) Act 1976	Section 41(1)	Certifying copies of resolutions and minutes	Monitoring Officer
Local Authorities Cemeteries Order 1977	Regulation 10 and schedule 2	Signing exclusive burial rights	Assistant Director for Street Services

Local Elections (Principal Area) Rules 1986	Rule 46	Keeping documents after an election and making them available for the public to look at	Electoral Registration Officer
Local Government and Housing Act 1989	Section 2(4)	Keeping the list of politically restricted posts	Assistant Director for Human Resources, Organisational Development and ICT
Local Government (Committees and Political Groups) Regulations 1990		Dealing with political balance on committees	Monitoring Officer
Local Authorities (Standing Orders) (England) regulations 2001		Giving notice of appointments and dismissals of officers in accordance with the regulations	Assistant Director for Human Resources, Organisational Development and ICT
Local Government Act 2000		Acting as proper officer for all the responsibilities in the Local Government Act 2000 and subordinate legislation	Monitoring Officer
Public Health Act 1936	Section 84	Cleansing of filthy and verminous articles	Director of Public Health Consultant in Communicable Disease Control (CCDC), and any equivalently medically qualified officer as designated by the Devon, Cornwall and Somerset Public Health England Centre or by any successor agency or unit
Public Health Act 1936	Section 85(2)	Cleansing of filthy and verminous persons and their clothing	Director of Public Health Consultant in

			Communicable Disease Control (CCDC), and any equivalently medically qualified officer as designated by the Devon, Cornwall and Somerset Public Health England Centre or by any successor agency or unit
Public Health Act 1961	Section 37	Controlling verminous things	Assistant Director for Street Services
Public Health (Aircraft) Regulations 1979	Regulation 5 and including all subsequent reference to medical officers		
Public Health (Ships) Regulations 1979	Regulation 5 and including all subsequent reference to medical officers		Director of Public Health Consultant in Communicable Disease Control (CCDC), and any equivalently medically qualified officer as designated by the Devon, Cornwall and Somerset Public Health England Centre or by any successor agency or unit (as Medical Officer of Health)
Public Health (Control of Disease Act) 1984 as amended	Section 61 and 62	Powers to enter premises for health protection purposes, and supplementary powers of entry	Director of Public Health Consultant in Communicable Disease Control (CCDC), and any equivalently medically qualified officer as designated by the Devon, Cornwall

			<p>and Somerset Public Health England Centre or by any successor agency or unit</p> <p>Environmental Health Practitioners employed within Public Protection Service</p>
Public Health (Control of Disease Act) 1984 as amended	Section 48	Certification for removal of bodies to mortuary or for burial.	<p>Director of Public Health</p> <p>Consultant in Communicable Disease Control (CCDC), and any equivalently medically qualified officer as designated by the Devon, Cornwall and Somerset Public Health England Centre or by any successor agency or unit</p>
Health Protection (Local Authority Powers) Regulations 2010	Regulations 8 (1) and 8 (2)		<p>Director of Public Health</p> <p>Consultant in Communicable Disease Control (CCDC), and any equivalently medically qualified officer as designated by the Devon, Cornwall and Somerset Public Health England Centre or by any successor agency or unit</p>
Health Protection (Notification Regulations) 2010	Regulations 2, 3, and 6	Receipt and disclosure of notification of suspected notifiable disease, infection or contamination in patients and dead persons	<p>Director of Public Health</p> <p>Consultant in Communicable Disease Control (CCDC), and any</p>

			equivalently medically qualified officer as designated by the Devon, Cornwall and Somerset Public Health England Centre or by any successor agency or unit Assistant Director for Environmental Services
Health Protection (Part 2A Orders) regulations 2010		Preparation of application for Part 2A Order	Director of Public Health
National Assistance Act 1948	Section 47	Taking people in need of care and attention to a suitable place	Head of Strategic Co-operative Commissioning
National Assistance (Amendment) Act 1951	Section 1	Certifying the need for immediate action	Head of Strategic Co-operative Commissioning
Money Laundering Regulations 2003	Regulation 7	Being told about suspected money laundering	Responsible Finance Officer
Local government data handling guidelines under the Data Protection Act		Manage information risk within the Council's risk management framework	Responsible Finance Officer

Local Democracy, Economic Development and Construction Act 2009	Sections 31 and 32	Promote the role of and provide support to the overview and scrutiny panels and management board; provide support and guidance to members and officers in relation to the scrutiny function.	Head of Policy, Performance and Partnerships
Registration Services Act		Proper officer for registration of births, marriages and deaths	Assistant Director for People

Legislation in these tables includes any amendments, re-enactments and subordinate legislation.

DELEGATION OF OTHER MISCELLANEOUS NON EXECUTIVE FUNCTIONS unless they are specifically delegated to Council a committee or an Officer elsewhere in this constitution

Legislation	Responsibility	Carried out by
Local Government Act 1972, Section 112	Power to appoint staff and to set their terms and conditions (including procedures for dismissing them)	<p>The appointments panel appoints Directors and Assistant Directors and recommends the appointment of Chief Executive and designation of Head of Paid Service, Responsible Finance Officer and Monitoring Officer to Council.</p> <p>Assistant Directors appoint everyone else. The Chief Executive sets collective terms and conditions other than for posts under the JNC for chief officers which are set by Council.</p> <p>(Council has delegated the function of appointing and dismissing staff who report direct to the Director of Public Health, to the Director of Public Health.)</p>
Local Government Act 1972, Section 135	Power to make contract rules	Council

Local Government Act 1972, Section 151	Duty to arrange proper financial administration	Responsible Finance Officer
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Local Government Act 1972, Section 270(3)	Power to appoint proper officers for the purposes of the Local Government Act 1972	Monitoring Officer (or any other officer specifically appointed in the constitution)
Local Government and Housing Act 1989, Section 4(1)	Duty to designate Head of Paid Service and provide resources	Council (but appointments committee makes a recommendation)
Local Government and Housing Act 1989, Section 5(1)	Duty to designate Monitoring Officer and provide resources	Council
Local Government Act 2000, Sections 82A(4) and (5)	Duty to provide resources to a person named by the Monitoring Officer	Council
Local Government Act 2000, paragraphs 12 and 14 of Schedule 1	Powers relating to scrutiny committees (voting rights of Council-opted members)	Council
Local Government Act 2000, Section 92	Power to provide compensation when there has been maladministration	If the compensation is less than £5000 the power is delegated to officers in the senior management structure
Representation of the People Act 1983, Section 8(2)	Duty to appoint an electoral registration officer	The Chief Executive is the electoral registration officer
Representation of the People Act 1983, Section 35	Duty to appoint returning officer for local government elections	The Chief Executive is the returning officer
Local Government and Public Involvement in Health Act 2007, Sections 33(2), 38(2) and 40(2)	Duty to consult on change of scheme for elections	Council
Local Government and Public Involvement in Health Act 2007, Sections 35, 41 and 52	Duties relating to publicity	Council
Local Government and Public Involvement in Health Act 2007, Section 53	Duties relating to notice to Electoral Commission	Council
Local Government and	Functions relating to	Council

Public Involvement in Health Act 2007, Section 59	change of name of an electoral area	
	Powers to appoint the Lord Mayor and the Deputy Lord Mayor	Council on the recommendation of the Lord Mayor's Selection Committee
All the responsibilities in Paragraph C of Schedule I to the Local Authorities (Functions and Responsibilities) (England) Regulations 2000.	Powers and responsibilities in relation to Health and Safety at Work	The Assistant Director for Street Services
All the responsibilities in Paragraph EB of Schedule I to the Local Authorities (Functions and Responsibilities) (England) Regulations 2000.	Functions in relation to community governance	Council
All the responsibilities in Paragraph H of Schedule I to the Local Authorities (Functions and Responsibilities) (England) Regulations 2000.	Functions in relation to pensions	The Responsible Finance Officer
All the responsibilities in the Health Act 2006 in relation to the ban on smoking in public places.	Functions in relation to the ban on smoking in public places.	The Assistant Director for Street Services

CONSTITUTION



PLYMOUTH
CITY COUNCIL

PLYMOUTH CITY COUNCIL CONSTITUTION

PART H

STANDING ORDERS AND REGULATIONS

EMPLOYMENT STANDING ORDERS

1. Appointing the Chief Executive

The Chief Executive is appointed by Council on the recommendation of the Appointments Panel. At least one member of the Cabinet must be a member of the Appointments Panel.

Before the Chief Executive is appointed, the Assistant Director for Human Resources, Organisational Development and ICT must tell every member of the cabinet whom the Appointments Panel wants to appoint and anything else which is relevant to the appointment.

The appointment can go ahead if the Cabinet agrees or if it makes no objection by a deadline set by the Assistant Director for Human Resources, Organisational Development and ICT or if Council does not consider any objection made by the cabinet relevant and justified.

2. Appointing the Directors, Assistant Directors and Heads of Service

Directors and Assistant Directors are appointed by the Appointments Panel, At least one member of the Cabinet must be a member of the Appointments Panel.

Before a Director or an Assistant Director is appointed, the Assistant Director for Human Resources, Organisational Development and ICT must tell every Member of the Cabinet whom the Appointments Panel wants to appoint and anything else which is relevant to the appointment.

The appointment can go ahead if the Cabinet agrees or if it makes no objection by a deadline set by the Assistant Director for Human Resources, Organisational Development and ICT or if the Appointments Panel does not consider any objection made by the Cabinet relevant and justified.

3. Dismissing the Chief Executive, Directors and Heads of Service

The Chief Executive, Directors and Assistant Directors are dismissed by the Chief Officers' Investigating Panel, which must include at least one Member of the Cabinet.

Before a dismissal, the Assistant Director for Human Resources, Organisational Development and ICT must tell every Member of the Cabinet whom the Panel wants to dismiss and anything else which is relevant to the dismissal.

The dismissal can go ahead if the Cabinet agrees or if it makes no objection by a deadline set by the Assistant Director for Human Resources, Organisational Development and ICT or if the Chief Officers' Investigating Panel does not consider any objection relevant or justified.

4. Appointing Political Assistants

Appointments of Political Assistants will follow the wishes of their political groups.

5. Councillors not to be involved in appointing or dismissing other officers

Councillors will not be involved in appointing or dismissing anyone except the Chief Executive, Directors, Assistant Directors and Political Assistants. Other officers are appointed and dismissed by their Assistant Directors or their nominees. All Officers except Political Assistants must be appointed on merit.

6. Disciplining the Head of Paid Service, Responsible Finance Officer and Monitoring Officer

The Head of Paid Service, Responsible Finance Officer and Monitoring Officer can only be disciplined if an independent investigator recommends it. They can be suspended on full pay for up to two months while an independent investigator carries out an investigation.

6. Recruitment and selection procedure

All appointments must follow the Council's recruitment and selection procedure.

7. Advertising the positions of Chief Executive, Directors and Assistant Directors

When the Council wants to appoint a Chief Executive, Director or Assistant Director (and it is not proposed that the appointment be made exclusively from the existing officers), it will produce a statement specifying the duties of the post and any qualifications or qualities to be sought in the person to be appointed and send them to anyone who asks. The post will be advertised in a way which will bring it to the attention of suitable applicants.

8. Relationships with Councillors and officers

Candidates must disclose on their application form whether they are related to any Councillor, officer, Councillor or officer's partner as their partner, parent, child, stepchild, adopted child, grandparent, grandchild, brother, sister, uncle, aunt, niece or nephew.

If a candidate declares a relationship with a Councillor, officer or their partner, their appointment must be approved by the appropriate Head of Service (if they have declared a relationship with the Head of Service or their partner, it must be approved by the appropriate Director).

9. Lobbying

Councillors and officers must not lobby for or against candidates.

The Council will disqualify candidates who lobby Councillors or officers or get other people to lobby them. Candidates will be warned about this in the recruitment literature.

LEGAL STANDING ORDERS

1. Legal action

The Monitoring Officer can take any legal action necessary to carry out the Council's decisions or protect its interests e.g. starting defending, withdrawing, or settling any claims or legal proceedings.

All officers in the senior management structure may start, defend or withdraw any claims or legal proceedings or authorise officers to appear on behalf of the Council in court and take default action under relevant legislation if:

- the action taken is about a function which they or an officer who reports to them has budgetary or management responsibility for and
- the constitution or the law does not require the action to be taken by someone else and
- they have had regard to any advice from the Head of Legal Services

2. Signing of documents

The Monitoring Officer can sign any document necessary to carry out the Council's decisions or protect its interests including certificates given under the Local Government (Contracts) Act 1997.

All officers in the senior management structure may sign documents on behalf of the Council or authorise officers whom they manage to sign documents on behalf of the Council if:

- the document is about a function which they or an officer who reports to them has budgetary or management responsibility for and
- the constitution or the law does not require the document to be signed out by someone else and
- they have had regard to any advice from the Responsible Finance Officer and Monitoring Officer

3. Common seal of the Council

The common seal of the Council will be kept by the Head of Legal Services. It will be attested by the Monitoring Officer, Head of Legal Services or an officer nominated by them.

The Council will keep a book recording when the common seal is used. The book will be signed by the officer who attests the seal.

FINANCIAL REGULATIONS

1. Scope

- 1.1** The Council acknowledges the responsibility it has for the administration of public funds, and wishes to emphasise to both the public and its employees the importance it places upon probity, financial control and honest administration.
- 1.2** These Financial Regulations provide the framework for managing the Council’s financial affairs. They apply to every member, committee, school governing body, department, officer, partner, employee of the Council, and anyone acting on behalf of the Council, unless otherwise minuted by the Council. Breaches will be reported to the audit committee, if the Responsible Finance Officer and the chair of the audit committee deem that it is appropriate.
- 1.3** Failure to comply with the requirements of these Financial Regulations and any associated guidance could be considered a potential act of gross misconduct.
- 1.4** Further advice and guidance is given in the documents listed at Regulation 33. These documents describe “processes and procedures” that show users “how to” deliver the requirements of the Financial Regulations at a working level.
- 1.5** All of these documents require specific approval of Audit Committee, and once adopted carry the same status as the Financial Regulations themselves.

2 Responsibilities under the Financial Regulations

2.1 Responsibilities of the Responsible Finance Officer

2.1.1 The Responsible Finance Officer carries out the statutory duties in relation to the financial administration and stewardship of the Council. The statutory duties arise from:

- Section 151 of the Local Government Act 1972;
- Local Government Finance Act 1988;
- The Local Government and Housing Act 1989;
- The Accounts and Audit Regulations 2003; and
- The Local Government Act 2000;

and are supplemented and explained by case law.

2.1.2 The Responsible Finance Officer has a legal duty to make sure the Council keeps to the highest financial standards. Other officers with responsibilities under the Financial Regulations are using powers delegated by the Responsible Finance Officer.

The Responsible Finance Officer will review and update the Financial Regulations each year to make sure they comply with relevant law and guidance. The Responsible Finance Officer may also issue guidance on how to ensure high financial standards.

2.2 Responsibilities of Directors

Directors must oversee and monitor the financial management of their service areas.

2.3 Responsibilities of Assistant Directors

Assistant Directors must:

- deliver services in compliance with these Financial Regulations and their service budget allocations;
- make sure staff within their departments comply with these Financial Regulations and have adequate written guidance on financial procedures and system working practices;
- monitor the overall financial state of their service area;
- make sure that they identify and agree with the Responsible Finance Officer the financial implications of all proposals for new spending and partnering arrangements, and that the cabinet is advised of those implications, before such spending is incurred or committed;
- consult with the Responsible Finance Officer on any report with financial implications;
- consult with, and seek agreement of, the Responsible Finance Officer where it is apparent that new written processes and procedures are required.

2.4 Departmental Section 151 Responsibilities

Departmental finance managers are required to bring the Responsible Finance Officer's attention to any section 151 issue they are unable to resolve.

2.5 Governing Bodies

School governing bodies shall conduct their affairs in accordance with these Financial Regulations, unless this would be contrary to the law, the Council's fair funding for schools scheme or a later Council minute. They are responsible for:

- risk and governance arrangements for the school;
- the management of their delegated budgets in accordance with the provisions contained in the fair funding scheme;
- making sure that staff are aware of these Financial Regulations and that they have adequate written guidance on financial procedures and system working practices, and
- ensuring that staff comply with this written guidance.

2.6 Responsibilities of all Officers

2.6.1 Officers must take reasonable action to provide for the security of the assets under their control, and to make sure that the use of these resources is legal, properly authorised and provides value for money.

2.6.2 Officers must be familiar with these Financial Regulations and must understand the ones which affect their work. If an officer is unclear about these rules, they must get advice before acting, by talking to their line manager or finance manager.

2.6.3 Officers must make sure they are using the latest version of these rules. This will always be in the constitution.

2.6.4 Officers must show the highest standards of financial probity. As well as following these rules, they must use their common sense and judgement.

3 Audit

3.1 Internal audit

3.1.1 Auditors will review the Council's financial and management systems and must act if fraud or corruption is found. They will also comment on how to achieve better value.

3.1.2 Auditors have the right to see the records and to ask for information and explanations. Officers must co-operate with them fully.

3.2 External audit

3.2.1 The external auditors undertake a yearly audit of the Council's statement of accounts and performance indicators. They have the right to see records and to ask for information and explanations. Officers must co-operate fully.

3.2.2 The Responsible Finance Officer has overall responsibility for co operating fully with the external auditors.

4 If the Financial Regulations have been broken

4.1 If officers suspect that these rules are being broken or they suspect fraud, corruption or poor value for money, they must tell their line manager (unless their line manager is involved).

4.2 The Council's [Whistleblowing policy](#) (see Part G) has guidance on what to do if a line manager is involved.

4.3 If the Financial Regulations have been broken, the Responsible Finance Officer must be told in writing. The Responsible Finance Officer will decide what needs to be done and whether Councillors need to be told.

5 Combating fraud and corruption

5.1 The Council is committed to making sure that the opportunity for fraud and corruption is reduced to the lowest possible risk. Where there is a possibility of fraud, corruption or other related problems the Council will deal with it in a firm and controlled manner regardless of whether the perpetrators are from inside (members and employees) or outside the Council.

5.2 The Anti-Fraud and Corruption Policy gives advice and guidance to Councillors and officers about the Council's approach to the serious issues of fraud and corruption and sets out how to deal with an allegation or suspicion of fraud or corruption.

6 Information and records

- 6.1** The Responsible Finance Officer is responsible for determining the accounting procedures to be followed and accounting records to be maintained within the authority in order to comply with the Accounts and Audit Regulations 2003 (see Retention and Disposition schedule)
- 6.2** Assistant Directors will arrange suitable training for their staff in keeping accounting records. The content of the training must be approved by the Responsible Finance Officer.

7 Financial Systems and Procedures

- 7.1** The Responsible Finance Officer must ensure that the Council's financial systems are sound and operate efficiently.
- 7.2** Assistant Directors must seek the prior approval of the Responsible Finance Officer to any proposed changes to the existing financial or related systems or to the establishment of any new financial or related systems which are/ will be directly under their control.
- 7.3** Assistant Directors must also seek the prior approval of the Responsible Finance Officer who, if appropriate, will seek the approval initially of the Corporate Management Team and subsequently of the Cabinet or Audit Committee as appropriate, to any proposed changes to the Council's instructions or procedural notes on financial matters which are required to meet their own specific service needs.

8 VAT and tax

- 8.1** The Responsible Finance Officer is responsible for keeping tax records, advising on tax, making tax payments, receiving tax credits and submitting tax returns.
- 8.2** Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe; all officers must therefore take particular care when dealing with issues which have tax implications.

9 Outside bodies

- 9.1** The Responsible Finance Officer is responsible for promoting and maintaining high standards of conduct with regard to financial administration in partnerships and joint ventures and will make sure that partnerships involving the Council follow the latest accounting policies, law and guidance.
- 9.2** The Responsible Finance Officer must approve any financial arrangements where the Council acts as the accountable body, lead authority or major funder for another organisation. Such organisations must have satisfactory rules dealing with the matters covered in these Financial Regulations and the Contract Standing Orders.
- 9.3** The Responsible Finance Officer will make sure that funding to or from outside bodies is properly recorded in the Council's accounts.

10 Medium-term financial planning

The Responsible Finance Officer will report to the cabinet on the medium-term budget prospects. Reports should consider the amount of support the Council can expect from the government. The City Council Investment Board is responsible for the governance of the medium-term capital programme; this includes reviewing and monitoring the progress of the capital programme. Directors and capital delivery project officers are required to present a capital programme summary report at each City Council Investment Board meeting.

11 Responsibility for budget decisions

Responsibilities for budget decisions are shown in the table below, subject to the permitted changes shown in [Financial Regulation 13](#):

Cabinet responsibilities Cabinet will determine whether to	Full Council responsibilities Council will determine whether to
Recommend the budget to Council	Agree the budget
Recommend any changes to the net revenue budget to Council	Approve any changes to the net revenue budget
Recommend the Treasury Management Strategy	Agree or change the Treasury Management Strategy
Set the Council Tax base	
	Setting the Council Tax
Recommend the Prudential and Treasury indicators to Council	Agree or change the Prudential and Treasury Indicators
Recommend the medium term financial strategy to Council	Agree or change the medium-term financial strategy
Agree the Risk Management Strategy	
	Agree or change the capital budget
Recommend the Corporate Asset Management Plan to Council	Agree the Corporate Asset Management Plan
Recommend the Capital Programme to Council	Agree the capital programme

Audit Committee

The Audit Committee will scrutinise the Treasury Management Strategy before it goes to Council.

12 Emergency spending

If there is an emergency or a disaster, the Chief Executive can agree extra spending after consulting the Leader and Responsible Finance Officer.

13 Moving money between cost centres

13.1 The rules for moving money between revenue cost centres (virement) are:

Amount to be moved	Who can approve it?
Up to £20,000	Service Head (Team Plymouth)
Up to £50,000	Assistant Director
Up to £100,000	Director (with notification to Responsible Finance Officer)
Up to £500,000	Cabinet Member
Over £500,000	Cabinet if it is within the budget, if not Council makes the decision on the recommendation of the cabinet.

13.2 The rules for moving money between capital cost centres or changes to the capital programme are:

New and amended Capital Schemes – In year, new capital schemes should be approved in accordance with the following rules:

New Schemes	Who can approve it?
Up to £200,000	Responsible Finance Officer in consultation with the Director and relevant cabinet member(s)
Between £200,000 and £500,000	Cabinet or the Leader
Above £500,000	Council or the Leader

Capital Programme Transfers (Virement)/Amendments – These should be approved in accordance with the following rules:

Type of Transfer	Who can Approve it?
Within A Directorate	
Up to £200,000	Responsible Finance Officer in consultation with the Director, City Council Investment Board and relevant Cabinet Member(s)
Up to £500,000	Cabinet or the Leader

Between Directorates	
Up to £200,000	Responsible Finance Officer in consultation with the Director, City Council Investment Board and relevant Cabinet Member(s)
Up to £500,000	Cabinet or the Leader

Capital Scheme Variations – Where there are variations in contract costs on existing schemes compared with the provision in the Capital Programme and the relevant Director is not able to identify a virement, additional costs will be approved in accordance with the following conditions:

Existing Scheme Additional Costs	Who can Approve it?
£200,000 or 10% of original contract sum (whichever is lowest)	Responsible Finance Officer in consultation with the Director, City Council Investment Board and relevant Cabinet Member(s)
£500,000 or 25% of original contract sum (whichever is lowest)	Cabinet or the Leader
More than 25% of original sum or £500,000	Council or the Leader

- 13.3** Where there are proposed increases to existing approved schemes in the Capital Programme which can be funded from increased ring-fenced funding then scheme increases will be approved in accordance with the following conditions:

Existing Scheme Additional Costs	Who can Approve it?
Up to £200,000	Responsible Finance Officer in consultation with the Director, City Council Investment Board and relevant Cabinet Member(s)
£200,000 to £500,000	Cabinet or the Leader
Above £500,000	Council or the Leader

Note: Changes to the capital programme will be reported to Members through the quarterly budget and performance report.

- 13.4** Transfers in or out of employee account codes or income account codes must be agreed by the Responsible Finance Officer.
- 13.5** Requests for transfers must be in a format agreed by the Responsible Finance Officer. Requests must say how much is going to be spent, what it is going to be spent on, where

the money will come from and what effect the spending will have in current and future financial years.

14 Budgetary control

14.1 Council's reserves

The Responsible Finance Officer must advise the Council on keeping a safe level of reserves.

14.2 Monitoring budgets

The Responsible Finance Officer will give Directors and Assistant Directors the information they need to monitor their budgets.

14.3 Responsibilities of the Responsible Finance Officer

The Responsible Finance Officer will:

- produce regular monitoring reports for the cabinet – these will identify any areas of concern and say how things can be put right
- tell the cabinet when spending or extra spending is needed
- advise on the medium-term effects of spending decisions
- make sure each capital scheme includes a project plan, progress targets and forecasts of linked revenue spending
- manage a scheme of carry forwards within guidelines set by the cabinet.

14.4 Responsibilities of Assistant Directors

Assistant Directors will:

- monitor income and control spending
- monitor performance
- manage their budgets
- report any problems promptly to the Responsible Finance Officer
- make sure staff keep all financial records, particularly the supporting papers for grant claims

15 Year-end balances

The Cabinet will agree the procedures for carrying forward under and over-spending on budget headings at the year end, in consultation with the Responsible Finance Officer.

Directors are responsible for monitoring the impact of the year-end variations on the level of service outputs which had been planned for both the relevant and subsequent year(s).

16 Capital strategy

The Responsible Finance Officer will prepare an asset management plan and capital strategy. This will:

- set out the principles the Council will follow in its capital planning and management
- include a five year capital programme
- show how schemes are added into the Capital Programme

17 Project approval

17.1 Which projects need approval?

All new schemes must be fully financed and approved by the City Council Investment Board. They require an initial project proposal and detailed business case unless they meet the criteria of fast track schemes (see Capital Programme Governance document).

17.2 Who approves projects?

Projects that are not already in the capital programme with an estimated cost of more than £200,000 but less than £500,000 need approval of Cabinet or the Leader on the recommendation of the Responsible Finance Officer in consultation with the City Council Investment Board. Projects that are not already in the capital programme with an estimated cost of more than £500,000 require approval of Council on the recommendation of cabinet or the Leader may make the decision.

17.3 Project approval report

The project approval report to the cabinet must include:

- the aim of the project and any other ways of achieving it
- effects on staffing
- legal, contractual and prudential borrowing code implications
- if the Council is acting through an agent or partnership, legal advice on whether it has the power to act this way
- if it is a key decision, any comments made during consultation and the Council's response
- the estimate amount and timing of any capital and revenue spending, any ongoing effect on revenue, and whether this spending is included in the budget

17.4 Key decisions

If project approvals are key decisions, the [Access to Information Rules](#) (see Part F) and [Cabinet Key Decision Procedures](#) (see Part C) apply.

18 Capital projects

Spending is only allowed on capital projects that:

- have project approval
- are in the Capital Programme

- have been through the correct procedure in the [Contract Standing Orders](#) (see Standing Orders 17 - 21).

19 Treasury management

19.1 Treasury Management Strategy

The Responsible Finance Officer will produce the treasury management strategy. This will set out the treasury plans for the next year (including any prudential borrowing plans). The strategy will include a list of organisations the Council will borrow from and lend to and the maximum individual amounts it will borrow or lend. The treasury management strategy must be scrutinised by Audit Committee prior to submission to Full Council for approval. A mid year and end of year report must also be produced and submitted to Audit Committee for scrutiny prior to submission to Full Council.

19.2 Day-to-day treasury management

The Responsible Finance Officer is responsible for day-to-day treasury management in liaison with the Treasury Management Board. Treasury management is carried out in accordance with detailed Treasury Management Practices, which are approved by Audit Committee. The Responsible Finance Officer will make sure:

- all borrowing and investment complies with the Council's treasury management strategy and the Chartered Institute of Public Finance and Accountancy's Code of Practice on Treasury Management and the Prudential Code
- all borrowing and lending is done in the name of the Council
- all securities are held by the appropriate Director or Assistant Director

19.3 Bank accounts

Only the Responsible Finance Officer can open a bank or building society account on behalf of the Council. The Responsible Finance Officer is responsible for managing all accounts.

20 Asset Management

20.1 Responsibilities of Responsible Finance Officer

The Responsible Finance Officer will:

- recommend the asset management policy and capital strategy to Council
- produce guideline for acquiring, managing and disposing of assets
- make sure the Council's records include any money from sales
- make sure the Council's records do not include the value of any assets that have been disposed of

20.2 Register of fixed assets

The Responsible Finance Officer will keep a register of all fixed assets worth more than a sum which is decided from time to time by the Responsible Finance Officer. Assistant Directors must report any acquisitions or disposals so that this can be kept up-to-date.

Every year the Responsible Finance Officer will check that the assets are still shown at the right value, that they have a suitable asset life and that they have been properly depreciated.

20.3 Disposing of assets (except land)

All staff should follow the Responsible Finance Officer's instructions on the disposal of surplus or obsolete vehicles, plant, furniture, materials, stocks, stores or other equipment. Arrangements for the disposal of surplus goods, materials, vehicles and equipment should be carried out in the manner most beneficial to the Council, making every effort to dispose of surplus or obsolete assets by competitive tender or by public auction. Where the estimated value of the proceeds is at a level determined by the Responsible Finance Officer, officers must keep a record of all disposals on inventories or within stock systems, including details of the quantity, items, proceeds and the purchaser. Sale proceeds must be banked and accounted for promptly, and the Responsible Finance Officer must be notified of the disposal of any capital assets.

The disposal of computers and other recordable Information and Communication Technology media should be arranged via the Information and Communication Technology department, who will ensure that all data is properly erased prior to disposal.

20.4 Arranging leases

The Council has employed the services of a leasing advisor to obtain the most favourable terms for its leasing agreements and the advisor should be consulted on all lease proposals. Before entering into any finance or operating lease, or lease rental agreement, or PFI arrangements, Chief Officers must get agreement from the Responsible Finance Officer to ensure that the arrangement is financially advantageous to the Council and should take appropriate legal advice from the Head of Legal Services. Staff must keep an inventory of all leased assets and make sure assets are returned at the end of the lease period in accordance with the terms of the arrangement. This inventory must be made available to the Responsible Finance Officer for the preparation of the statutory accounts.

20.5 Computer systems

The Assistant Director for Finance has overall responsibility for the Council's computer systems. The Assistant Director for Finance is also responsible for making staff aware of their responsibilities relating to the computer systems.

20.6 Stocks and Inventories

The Council holds stocks of various materials for use in service delivery. Every effort should be taken to ensure excessive stocks are not held.

Obsolete stock may be written off subject to the write off limits for debt (see Financial Regulation 27).

20.7 Security of Assets

Officers must ensure that all assets are safeguarded against loss, damage, misuse or any other unnecessary diminution in value so that they continue to be available to provide continuity of efficient service delivery. Similarly, information must also be safeguarded so that service delivery can continue.

21 Intellectual property

Intellectual property is a generic term which includes inventions and written works. Certain creations, particularly computer software, may have a commercial value and be marketable outside the Council.

As a general rule, items of intellectual property which are created by an employee during the normal course of their employment will be the property of the Council, not the employee.

Various Acts of Parliament detail the treatment of different types of intellectual property and provide for the patenting of the development work to safeguard it against exploitation.

22 Risk management

22.1 Responsibilities of the Cabinet

The Cabinet will identify key risks and promote risk management in the Council. The Chief Executive will report to the Cabinet on how risk is being managed.

22.2 Responsibilities of the Responsible Finance Officer

The Responsible Finance Officer will prepare and update the Council's risk register and related policies (including anti-fraud and anti-corruption policies). The risk register must be agreed by the Cabinet.

22.3 Responsibilities of Assistant Directors

Assistant Directors must:

- identify and manage risks in their service areas;
- have contingency plans for major risks;
- tell the Responsible Finance Officer of any risks that could result in losses or claims against the Council.

23 Wages, salaries and pensions

23.1 The Responsible Finance Officer is responsible for paying all wages and expenses, including Councillors' allowances.

23.2 Staff costs are the largest item of expenditure for most of the Council's services. It is therefore important that payments to current and former employees are made, accurately, on the due date and in accordance with the individual's conditions of service.

23.3 Payments to Councillors must be in accordance with the scheme approved by the Council and recorded accurately and promptly; and comply with statutory and other corporate requirements.

23.4 Assistant Directors must tell the Head of Human Resources, Organisational Development and ICT of any changes to staff pay and any deductions that need to be made.

24 Ordering and paying for goods and service

24.1 Role of Responsible Finance Officer

The Responsible Finance Officer will make sure there are proper procedures and controls for ordering and paying for goods and services.

New systems for orders or payments must be agreed by the Responsible Finance Officer.

24.2 Responsibilities of Assistant Directors

Assistant Directors are responsible for their service areas' orders and payments. They must make sure those officers who order and pay for goods have been properly trained and that responsibility for ordering and paying for goods are kept separate.

24.3 Orders

Orders must normally be in writing. Orders can be given orally in emergencies only and must be confirmed in writing as soon as possible.

Official orders for the purchase of goods or services must be in a standard form approved by the Responsible Finance Officer and must be issued for all purchases with the exception of utilities (gas, electricity, water etc), taxis, refunds, grants, periodic payments (such as rent or rates), petty cash purchases, purchasing cards or other exceptions specified by the Responsible Finance Officer.

In addition commitments from credit card, purchasing card or internet purchases must only occur through the Council's approved scheme and in accordance with the instructions on that scheme from the Strategic Director for Corporate Support.

Official orders must not be raised for any personal or private purchases.

The authorisation profiles agreed by the Responsible Finance Officer and fixed within the Purchasing system are as follows:

<u>Purchase Order Authorisation Limits</u>	
Directors	Above £5,000,000
Assistant Directors	Up to £1,000,000
Heads of Service (Team Plymouth)	Up to £500,000
4 th Tier Officers and below:*	
Grades H to I	Up to £50,000
Grades F to G	Up to £2,500

Officers below F Grades will not be able to authorise orders.

*Any exceptions to these parameters will be subject to approval by the Strategic Director of Corporate Services (or his/her nominated deputy).

The use of e-business, e-commerce, credit / debit or purchasing cards, or other electronic means of purchasing goods or services, must be authorised by the Responsible Finance Officer and will be subject to the following limits:

Purchase Card Limits	Maximum transaction limit	Maximum Authorised Card limit
	£	£
Chief Officer	10,000	50,000
Buyer/Procurement Officer	5,000	50,000
Emergency Planning Officer	20,000	100,000
Standard PCC Employee	500	2,000

Approval in excess of these limits may be given by the Responsible Finance Officer in exceptional cases, for example Lodge Cards.

24.4 Unusual terms and conditions

Officers should check with the Head of Legal Services before accepting any unusual terms or conditions.

25 Petty cash

The Assistant Directors will oversee the system of petty cash floats. Floats will only be topped up when a proper claim is made with receipts for all items. The Responsible Finance Officer will give detailed guidance on petty cash.

26 Income

26.1 Responsibilities of Responsible Finance Officer

The Responsible Finance Officer will ensure that systems exist for all income to be identified, collected, receipted and promptly banked.

26.2 Responsibilities of Assistant Directors

Assistant Directors must have a proper scheme of delegation for dealing with income and spending in their service area and must make sure it is working. There must be extra controls in service areas that collect cash or cheques. Assistant Directors must ensure that:

- officers are suitably trained

- official receipts are always given
- proper records are kept
- money is banked as soon as possible
- VAT is properly accounted for

Assistant Directors must have effective systems for monitoring income due to their service area. The Responsible Finance Officer must be told if income is much less than expected and it cannot be explained.

Assistant Directors must not run their own debtor systems without the agreement of the Responsible Finance Officer.

26.3 Invoices

The format of invoices must be approved by the Responsible Finance Officer. Invoices must make it clear that payment should be made to Plymouth City Council.

27 Debt

27.1 Collecting debt

The Cabinet will set procedures for managing debt. Officers must:

- make sure invoices are accurate
- send invoices promptly
- act quickly to collect debts
- sort out disputes as quickly as possible

27.2 Writing off debt

The rules for writing off debts are as shown in the table below:

Value of Debt	Who can approve it?
Up to £40	Nominated recovery officers
Up to £200	Nominated recovery officers (Grade E and above)
Up to £1,000	Nominated Officers (Grade H and above)
Up to £10,000	Heads of Service and other nominated officers of the Strategic Director of Corporate Services
Up to £10,000	School principal and/or governors (schools debt)
Up to £100,000	Responsible Finance Officer
Up to £200,000	Cabinet Member

All debt over £200,000 unless covered by below exception	Cabinet
Unlimited in the case of bankruptcy or liquidation/CVA/death/no assets/no trace	Responsible Finance Officer or other senior finance officer nominated by him.

27.3 Cancelling debt

Debts can be cancelled if they have been raised by mistake. All cancellations over £5,000 must be agreed by the Responsible Finance Officer or his/her nominated Officer.

28 Payments for Loss, Damage or Personal Injury

Officers may make ex gratia payments for loss or damage or personal injury up to a maximum of £1,000 to any one payee in any one year following consultation with the Council's corporate risk manager and the Head of Legal Services.

29 Money laundering

The Council has procedures for checking and recording the intentions of the people and organisations it does business with and for reporting suspected money laundering. Officers must not:

- conceal, disguise, convert, transfer or remove anything gained through crime
- tip off a criminal or suspect
- assist money laundering
- pay money to terrorists or suspected terrorists or their organisations.

The maximum amount of cash that can be taken in any one transaction is £9,000.

30 External Funding

The Responsible Finance Officer will providing specific guidance to Directors and Assistant Directors to enable them to account properly for funding receivable from external sources. This will be contained within the Index.

31 Work for Third Parties

The Responsible Finance Officer will provide guidance and advice to Directors and Assistant Directors in respect of the financial aspects of third party contracts, contractual arrangements for the provision of services to third parties or external bodies.

32 Loans and Guarantee arrangements

Officers must not enter into an arrangement to provide Loan or Guarantee facilities to any third parties without the prior approval of the Responsible Finance Officer and Head of Legal Services.

33 Supplementary governance document

These documents are intended to be a detailed working practice but cannot override any requirements contained within the approved Financial Regulations or its Index of linked Policies.

33.1 The Financial Regulations Approved Governance Documents

Medium Term Financial Strategy
Budget Book
Statement of Accounts
Annual Governance Statement
Risk Management Strategy
Introduction to Local Government Finance
Asset Management Plan and Capital Strategy
VAT handbook
Plymouth Trading Fair Funding Guide
Fair Funding for Schools Scheme
Treasury Management Strategy
Annual audit plan
Anti Fraud and Corruption Policy
Retention and Disposition Schedule
Ordering and paying for the purchase of work, supplies and services
Arrangements for the collection and processing of income and other amount due
Budget Carry Forward Policy
Capital Programme Governance Document

33.2 Draft Documents yet to be Approval by Audit Committee

Money Laundering Policy
External Funding/Grants Protocol
Income and Credit Management Policy
Key Controls and Responsibilities

33.3 Working Practices available on the Financial Management Web Pages

Budget Managers' Role Definition
Procurement and Purchasing Card Arrangements
Creditors User Guide
Working Practices for Purchasing and Creditors
Procedures for Purchasing Goods and Services
Purchasing Manual
Bad Debt Write Off Policy
Debtors Manual

Financial Management and Budgetary Control Training Guide

Close Down Guidance and Timetable

Virement Working Practice

Journal Transfer Working Practice

General Ledger Introductory Guide

Treasury Management Practices

Contract Standing Orders

In this section:

- 1 When do these standing orders apply?
- 2 Other relevant guidance, rules and law
- 3 Responsibility to follow these standing orders and relevant law
- 4 Interests of Councillors and officers in contracts
- 5 Gifts and hospitality
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1. When do these standing orders apply?

- 1.1 These standing orders apply when the council expects to spend money or provide other value for goods, works or services. They do not apply to contracts of employment with the Council. They apply to both capital and revenue and cover:
- contracts for goods, works or services
 - acquisitions and disposals of land or buildings
- 1.2 The officers named in Standing Order 11.1 have authority to waive the requirements of any of these rules (but they must always comply with national and EU law.)

2. Other relevant guidance, rules and law

- 2.1 All contracts entered into by the Council must be to carry out the Council's functions or be in connection with the Council's functions. They must comply with:
- all relevant national law and EU procurement law
 - all relevant EU procurement rules and guidance
 - the Financial Regulations (see part G of the Constitution)
 - the policy framework and budget procedures (see part B of the Constitution)
 - the Constitution.
- 2.2 Officers must consider the requirements of the Constitution and legal issues when entering contracts and must ensure the risks are fully assessed.

3. Responsibility to follow these standing orders and relevant law

- 3.1 These standing orders apply to all officers. It is the responsibility of the relevant Assistant Director to make sure that their staff follow standing orders.
- 3.2 The Council may take disciplinary and/or legal action against anyone who breaks these rules or the relevant national or EU law.

4. Interests of Councillors and officers in contracts

- 4.1 Requirement to avoid conflicts of interest: Councillors, officers and anyone acting for the council in connection with the procurement, award and management of council contracts must act with the highest standards of probity and avoid conflicts of interest.
- 4.2 Councillors' interests: Councillors must follow the Councillors Code of Conduct ([see Part G of the Constitution](#)). In addition it is a criminal offence for a councillor not to declare a financial interest in a contract.
- 4.3 Officer interests, reports and advice: Officers must declare interests in contracts. It is a criminal offence for an officer not to declare a financial interest in a contract. (This does not apply to an officer's own contract of employment or their tenancy of a council owned property).
- 4.4 Directors are responsible for recording officers' financial interests in a register that is kept in the department.
- 4.5 Officers should not write reports on something they have declared an interest in; or advise council or the cabinet or a committee on something they have declared an interest.

5. Gifts and hospitality

5.1 As a general rule councillors and officers must not accept:

- any gift (other than an inexpensive gift such as a calendar or diary for use in the office); or
- any hospitality
- from suppliers or potential suppliers, or from any firm or organisation with whom the council has had, is having or may have any dealings of any kind - without the written authorisation of a Director.

5.2 'Hospitality' includes drinks, meals, entertainment, overnight accommodation, travel and holidays, but does not include a lift in a private or company car or a taxi or refreshments in the course of office duty (e.g. a working lunch).

5.3 All staff who accept gifts or hospitality must complete a receipt of gift or hospitality form. Once completed the form should be sent to the Monitoring Officer.

5.4 Directors must immediately enter in a register, particulars of:

- any gift (including how it has been returned to the giver or otherwise disposed of e.g. donated to the Lord Mayor for charitable purposes); and
- any hospitality.

6. Procurement advertisements

The Council will publish all procurement opportunities and contract awards over £100,000 on the Council's procurement portal (www.devontenders.gov.uk).

7. Before a contract is procured

Before undertaking a procurement the authorised officer must:

- identify the need for the services, goods or works in question and fully assess all options for meeting those needs (including recycling and re-use where appropriate)
- establish a business case for the procurement
- establish the council has the legal power to enter into the contract
- contact strategic procurement to discuss the available options
- make sure the project has been accepted onto the capital programme, if it is a capital project See capital programme governance document.
- consider whether there is an appropriate framework agreement or Office of Corporate Governance(OGC) contract that could be used)
- consider the Council's procurement business plan as appropriate
- choose a course of action which represents best value for money for the council

8. Estimating the total contract value

8.1 The total contract value is the total amount (minus VAT) that is expected to be paid to the supplier as a result of the contract award during the whole of the contract. If the value is £50,000 per annum for two years, then the total value of the contract is estimated at £100,000. It includes

- the value of any non-monetary consideration or benefit the Council is giving to the supplier
- the value of anything the Council is getting for free as part of the contract

- any amount that could be paid by extending the contract (if it is possible to extend it).
- 8.2 If the length of a contract is uncertain and the value cannot be reasonably estimated, its total value will be its estimated monthly value times 48.
- 8.3 A single contract must not be split into smaller contracts to get around these contract standing orders or the law, and goods, services or works must not be split to get around these contract standing orders or the law.
- 8.4 The contract must be treated as a high value procurement where there is a transfer of staff.

9. Format of contracts

- 9.1 Contracts must be in writing.
- 9.2 Contracts must be executed as a deed (sealed) if they are for property building and construction, nil consideration, probate, or if the Head of Legal Services advises they must be executed as a deed.
- 9.3 Contracts over £100,000 must be in a form approved by the Head of Legal Services.
- 9.4 Contracts over £100,000 must be signed by two authorised officers or sealed; contracts for a lesser sum must be signed by one authorised officer or sealed.
- 9.5 Contracts over the EU threshold must comply with relevant EU procurement law.
- 9.6 Electronic signatures may be used in accordance with the Electronic Signature Regulations 2002 if the strategic procurement manager is satisfied that the arrangements are secure.

10. Contract terms and conditions

- 10.1 Contracts must be entered into on the council's terms and conditions, which will be referenced on each purchase order and included with each Invitation to tender ("ITT"). Exceptions to this rule must be approved by the Head of Legal Services.
- 10.2 Where contracts are subject to the Regulations, the rules relating to technical specifications will be followed and any reference to a technical standard, make or type will be prefaced with the words "or equivalent". This requirement applies to both Part A and Part B Services (as defined in the Regulations).
- 10.3 The standard terms and conditions of the council are available on the website.

11. When is there no need to seek quotes or tenders?

- 11.1 Emergencies: If there is an unforeseen emergency or a disaster involving immediate risk to persons, property or serious disruption to council services or significant financial loss any Director can approve waiving these rules after consulting the Head of Legal Services where practicable. They must prepare a report for the next Cabinet to support the action taken.
- 11.2 Exempt contracts: The following contracts are exempt from the requirements to obtain tenders provided that quotations are sought.
 - contracts for less than £100,000;
 - contracts relating solely to disposal or acquisition of an interest in land, provided that the contract is not deemed to be a works contract in which case the contract shall be procured in accordance with these rules as a works contract;
 - contracts for individual personal care services;
 - transactions conducted by the Chief Finance Officer in respect of dealing in the money market or obtaining finance for the Council;

- contracts offered by the Head of Legal Services for the appointment of counsel;
 - contracts where a sole supplier has exclusive rights (e.g. alterations to statutory undertakers apparatus).
- 11.3 Where there is a written waiver: In cases where the EU regulations do not apply, the relevant Director and the heads of strategic procurement and legal services can waive the requirements of any of the contract rules. All waivers and the reasons for them must be recorded using the designated form which can be found on the document library. The waiver form must be signed by the Director and agreed by the heads of strategic procurement, legal services and the head of the relevant service area.

12. Purchasing Card Procurement

- 12.1 Purchasing cards are badged charge cards, issued to an individual for the express function of purchasing one off requirements or low value, low risk goods and services for the authority which are not available as a catalogue item on the CIVICA purchasing system.
- 12.2 Only the person whose name appears on the card is authorised to use the card up to the maximum transaction value as detailed in table 13
- 12.3 They work in a similar way to personal credit cards, however they do not offer extended credit and the balance on the cards is automatically paid off monthly. Cash cannot be withdrawn except by nominated Emergency Response Officers.
- 12.4 Purchasing cards shall only be used in accordance with the Purchasing Card Cardholder User Guide which is available on the document library.
- 12.5 The application for a Purchase Card is available on the document library.

13. Table of purchase card limits

	Maximum Transaction Limit	Maximum Authorised Card Limit
Director	£2,000	£10,000
Head of Service	£1,000	£5,000
3rd Tier Manager	£1,000	£5,000
Head Teacher	£1,000	£10,000
Departmental Nominated Purchase Officer	£10,000	£20,000
Emergency Planning Officer	£20,000	£100,000
Senior Officer from Finance Department (for Emergency response purposes)	£20,000	£100,000

14. Lodge Cards

- 14.1 Lodge cards are a type of credit card which are badged and “lodged” with the supplier so the card number does not need to be quoted on each order. They provide a cost effective and simple means of managing and allocating spend, ensuring the availability of electronic management information without the need for placing purchase orders.
- 14.2 Lodge cards should be used with suppliers whose service is provided centrally to a service area such as schools catering, travel etc. Agreement for the use of a lodge card will only be given by the Strategic Procurement Manager.

15. Fuel Cards

15.1 Fuel cards are a type of credit card used solely to purchase fuel; they can be used in all of the major UK filling stations.

15.2 There are three different types of cards:

- Person Card: This card is assigned to a specific person and can only be utilised by that person when using a hire car or a fleet vehicle which is utilised by a number of people. This card cannot be used for casual and essential users.
- Vehicle Card: This card is utilised for our fleet vehicles and is allocated to a specific registration
- Bearer Card: Bearer cards are not assigned to either an individual or specific vehicle they are assigned to a department for all to use. These cards offer a high risk of fraudulent use, therefore, the issuing and management of the card has to be done in a controlled manner as detailed in the instructions for use (available on the document library).

15.3 Application forms for any of the above fuel cards are available from strategic procurement.

15.4 Fuel cards shall only be used in accordance with the Fuel Card Cardholder User Guide (available on the document library).

16. Contract Procurement – existing and corporate contracts

16.1 Competitive quotations and tenders are not required if there is a contract already in place. The contract register detailing the list of contracts is available on the document library.

16.2 Many of the corporate contracts are set up as catalogue items available to purchase using the CIVICA purchasing system. Anyone with access to the system can place a purchase order for catalogued goods and services by [Finding a Product](#) in the Civica Purchasing system.

17. Low Value/Low Risk Procurements

17.1 For goods and services procurements valued below £100,000 and for non-technical works procurements valued below £200,000 a purchase requisition (available on the document library) will need to be completed detailing the full specification including manufacturers part number (if applicable), quantity, delivery date and charge codes and sent to the procurement mailbox. The operational procurement team will source at least three written quotations, two of which shall be from local suppliers where possible, utilising the chosen portal, Sell 2 Plymouth, before a formal purchase order is issued specifying the goods or services to be provided and setting out the price and terms of purchase. Faxed or e-mailed quotations are acceptable for these purposes.

17.2 For technical procurements valued below £100,000 and for technical works procurements which are valued below £200,000 a detailed specification will need to be completed including evaluation criteria, plus for works the chosen terms and conditions and sent to the procurement mailbox. The strategic procurement department will support this procurement.

17.3 To avoid unnecessary risk, only Council approved purchasing suppliers should be used.

17.4 Approved suppliers are those who have registered and have been green flagged on the Council's Sell 2 Plymouth vendor management portal. <http://www.sell2plymouth.co.uk>

18. High Value/High Risk Procurements

- 18.1 For all procurements of goods and services valued above £100,000 or above £200,000 for works procurements or those where staff will transfer, a tender and contract award procedure must be conducted in accordance with these contract rules. The outcome of the contract award procedure must be recorded in the contracts register, which is maintained by the strategic procurement department.
- 18.2 For all procurements above £100,000, approval must be obtained for both the evaluation criteria and award of contract in accordance with the table in 19.
- 18.3 In the event of a re-tender due to legal obligations under procurement law, authorisation to re-tender is not required. In all other circumstances (i.e. new procurements) Business case approval must be sought in accordance with the table of authorisation detailed in 19.
- 18.4 Any contract that is funded by capital funds can only be approved if it is on the capital programme.

19. Who can authorise contracts?

Contract Value	Who can authorise the outline business case or tender?	Who can agree the evaluation criteria?	To be placed on the Forward Plan?	Approval documents required	Who can award the contract?
Over £100,000 and less than £500,000	Assistant Director	Assistant Director	N/A (unless it constitutes a key decision)	Contract Award Report	Assistant Director
Over £500,000 and less than £2,000,000	Cabinet Member	Assistant Director	N/A (unless it constitutes a key decision)	Contract Award Report and Delegated Decision Report	Cabinet Member
Over £2,000,000 or a key decision	Cabinet	Assistant Director	Yes	Contract Award Report and Cabinet Report	Cabinet

20. High value/high risk procurement process

- 20.1 Prior to the commencement of procurement the Authorised Officer will develop the procurement approach.
- 20.2 One of five procurement procedures must be used as appropriate for the particular procurement i.e. open, restricted, competitive dialogue, negotiated or predetermined framework agreement (information on these procedures are detailed below (see sections 22 to 26).
- 20.3 For procurements valued above £100,000 but falling below the EU threshold tender timescales and procedures can be adjusted accordingly but only after consultation with strategic procurement.
- 20.4 For procurements that constitute a key decision or are above £500,000, decisions to approve the business case must be taken by either the cabinet member or cabinet as detailed in table 19 above and the head of service needs to arrange for notice of the earliest

date on which the decision could be taken to be placed on the forward plan. The head of service will also need to provide appropriate reports to the portfolio holder or cabinet using the standard forms that are available on the document library.

21. Application of the Regulations

- 21.1 Where an estimated value of a contract exceeds the current EU threshold then the contract must be procured in accordance with the Regulations, unless there is a suitable framework available. Under the Regulations, the contract may be tendered under the restricted, open, competitive dialogue or, in exceptional circumstances exhaustively set out in the Regulations, the negotiated procedure.
- 21.2 The current EU thresholds effective from 1st January 2012 that will apply to the 31st December 2013 are:

	Supplies	Services	Works
Value at which a Contract/Order must be put through the EU process	£173,934	£173,934	£4,348,350

- 21.3 For procurements subject to EU thresholds a contract notice in the prescribed form will be published in the Official Journal of the European Union (OJEU) in order to invite tenders for or expressions of interest.
- 21.4 Procurements for Part B services (as defined in the regulations) do not need to be advertised in the OJEU unless there is a possibility of cross border interest. The successful tenderer's details must be published in the OJEU.
- 21.5 The rules relating to technical specifications and the publication of contract award notices will be observed for all contracts as must the EU Treaty and the general principles of EU law including non-discrimination, equal treatment, proportionality, transparency and mutual recognition.
- 21.6 The Regulations set out the minimum timescales for receipt of expressions of interest and tenders. Where the council has published a Prior Information Notice announcing its forthcoming contracts for the year ahead, then the council may rely on reduced timescales as set out in the regulations if appropriate.
- 21.7 When using any procedure under OJEU, the contract award is subject to a mandatory 10-day standstill period. The 10 day standstill period starts on the day that all the suppliers are formally notified via either fax letters or e-mail of the decision to award the contract or conclude the framework agreement. This notice must also give details of the criteria for the award the reasons for the decision, including the characteristics and relative advantages of the successful tender, their respective score against the evaluation criteria (as set down in the ITT) and the score and name of the winning tenderer, and the date before which the council will not enter the contract or conclude the framework agreement. Once the 10 days have expired then on the next working day the council is able to place the contract with the successful tenderer (days to be added for bank holidays), if no valid challenge is received.
- 21.8 The regulations allow contracting authorities to reserve contracts for supported factories and businesses, [Public Sector Procurement Directive Article 19 \(Regulation 7 of the Regulations\)](#) applies. This directive is committed to ensuring equality of employment opportunity for everyone.

22. Restricted Procedure

- 22.1 The Authorised Officer must publish an advertisement:
- in OJEU (if required by the Regulations)
 - on the council's procurement portal (www.devontenders.gov.uk)
- 22.2 Only those suppliers selected by the Council may be invited to tender. Suppliers will be selected on the basis of published pre-qualification criteria.
- 22.3 If the Regulations apply, a minimum of five suppliers must be invited to tender and in all other cases a minimum of three must be invited to tender.
- 22.4 The Restricted Procedure is the Council's chosen standard process for procurements above the £100,000. Any other process can only be used if the relevant officers have agreed to waive this rule and have signed the necessary forms – see section 11.3.
- 22.5 If the regulations do not apply, tender timescales can be amended accordingly.

23. Open Procedure

- 23.1 The Authorised Officer must publish an advertisement in:
- OJEU (if required by the Regulations)
 - on the council's procurement portal (www.devontenders.gov.uk)
- 23.2 The advertisement must contain details of the proposed contract and specify a time limit within which interested parties may express an interest in tendering for the contract.
- 23.3 After the expiry of the deadline date for expressions of interest, the Council will send any party expressing an interest an ITT. The ITT must specify the return date for tenders.

24. Negotiated Procedure

- 24.1 This procedure may only be used after consultation with the strategic procurement manager and having obtained the agreement of the Head of Legal Services. It may only be used in very limited circumstances and is rarely used by local authorities.
- 24.2 The Authorised Officer must publish an advertisement in OJEU and the council's procurement portal. Only those suppliers selected by the council are invited to tender. Suppliers shall be selected on the basis of published pre-qualification criteria. Any notice will state that a negotiated procedure is being used.
- 24.3 A minimum of three suppliers should be invited to negotiate following publication of a notice.
- 24.4 At minimum of two officers, at least one of whom must be a strategic procurement representative or their delegate, must be present at all times during the negotiations.
- 24.5 The authorised officer must keep proper records of all negotiations and these will be signed as such by all participants.
- 24.6 At all times during the negotiations, the council will consider and implement the principles of non-discrimination, equal treatment and transparency.

25. Competitive Dialogue Procedure

- 25.1 The competitive dialogue procedure is for use where the strategic procurement manager considers that the open or restricted procedure will not allow the award of the contract due to the fact that it is a particularly complex procurement. The use of the competitive

dialogue procedure must be considered before the use of the negotiated procedure. It can only be used with the most economically advantageous award criteria and this must be stated in the contract notice or accompanying descriptive document.

- 25.2 The council envisages the competitive dialogue procedure being used for many private public partnerships where contracts are complex and the technical means and/or the legal and financial structure cannot be determined without dialogue with suppliers.
- 25.3 In the case of a particularly complex contract, you may be aware of your needs but not know in advance what the best technical, and/or legal and/or financial solution is. A competitive dialogue procedure between buyers and suppliers is therefore necessary to identify the solution or solutions that best meet their needs. Such a dialogue is not allowed under the current open and restricted procedures. However, the process is time-consuming and the most expensive method of procurement.
- 25.4 The Authorised Officer must publish an advertisement in:
- OJEU (if required by the Regulations)
 - on the council's procurement portal (www.devontenders.gov.uk).
- 25.5 The Regulations set out further rules which apply to Competitive Dialogue Procurements. Competitive Dialogue procurements should be referred to the council's strategic procurement and legal services teams.

26. Predetermined Framework Agreements

- 26.1 Framework agreements set up by third party organisations may be used after consultation with the strategic procurement manager and head of legal services.
- 26.2 Framework agreements established by the council will be procured in accordance with the regulations.
- 26.3 When awarding call-offs (individual contracts), under framework agreements, the authority does not have to go through the full procedural steps in the Regulations again so long as the rules were followed appropriately in the setting up of the framework agreements themselves.
- 26.4 Call-offs under the framework agreement should be awarded within the terms laid down in the agreement.
- 26.5 Arrangements to enter into a contract through a call-off agreement will still require appropriate authorisations as shown in the table of authorisation in section 19.

27. Pre-qualification

- 27.1 The council will only enter into a contract with a supplier if it is satisfied as to the supplier's:
- eligibility in accordance with regulation 23 of the regulations and
 - economic and financial standing and
 - technical or professional ability.
- 27.2 Technical ability includes the supplier's quality management systems including human resources, health and safety, equality and diversity provisions and environmental management systems where relevant to the performance of the contract.
- 27.3 The council's standard pre-qualification questionnaire template document is available on the document library.

28. The Invitation to Tender

- 28.1 The invitation to tender (“ITT”) will include details of the Council’s requirements for the particular contract including:
- i. a description of the goods, services or works being procured;
 - ii. the procurement timetable including the tender return date and time, which will allow a reasonable period for the applicants to prepare their tenders;
 - iii. a specification and instructions on whether any variants are permissible (this must be stated in any OJEU notice);
 - iv. the council’s terms and conditions of contract;
 - v. the evaluation criteria including scoring methodology and any weightings as considered appropriate;
 - vi. pricing mechanism and instructions for completion;
 - vii. whether the Council is of the view that the Transfer of Undertakings Protection of Employment (TUPE) regulations may apply;
 - viii. form and content of method statements to be provided;
 - ix. a requirement for tenderers to declare that the tender content, price, or any other particulars concerning the tender have not been unnecessarily disclosed to any other party;
 - x. any further information which will inform or assist tenderers in preparing tenders;
 - xi. a statement that the Council is not obliged to accept the lowest or any tender and that the tenderers are responsible for their own costs with regard to the tender;
 - xii. the address for the return of a hard copy tender must be:
Plymouth City Council
Strategic Procurement Department
Ballard House
West Hoe Road
Plymouth
PL1 3BJ

Electronic tenders should be uploaded onto www.devontenders.gov.uk

- 28.2 The council’s standard tender template document is available on the document library and also on the procurement website.
- 28.3 The requirements of 28.1 may be varied as appropriate for procurements falling under section 24 (negotiated procedure), 25 (competitive dialogue procedure) and 26 (predetermined frameworks).

29. Submission and Opening of Tenders

- 29.1 Tenders must be submitted in accordance with requirements set out in the ITT. Tenders must be kept in a safe place by the strategic procurement department and remain unopened until the time and date specified for its opening. Tenders received after the specified date and time will not be considered or accepted by the council unless the strategic procurement manager is satisfied that there is sufficient evidence for the tender having been despatched in sufficient time for it to have arrived before the closing date and time.
- 29.2 Tenders must be opened by an officer of the strategic procurement department and one or more officers of the project team. An immediate record will be made of the tenders received including names, addresses and the date and time of opening.

29.3 Prior to the tender evaluation all officers of the tender evaluation team are required to sign a declaration of direct or indirect interest, canvassing and confidentiality form. The completed form should be returned to the strategic procurement department.

30. Electronic Tendering

30.1 Requests for quotations (RFQs) and ITTs may be transmitted by electronic means. Quotations and tenders may be submitted by electronic means provided that:

- i. evidence that the transmission was successfully completed is obtained and recorded;
- ii. electronic tenders are kept in a separate secure folder under the control of the strategic procurement department, which is not opened until the deadline has passed for receipt of tenders.

31. Tender Evaluation

31.1 Tenders will be evaluated in accordance with the weighted evaluation criteria which must be detailed in the ITT.

31.2 All contracts, except contracts where lowest price was predetermined to be the appropriate criteria, will be awarded on the basis of the offer which represents 'Best Value for Money' to the council.

31.3 The evaluation criteria must be predetermined, given weightings, and listed in the ITT documentation, in order of importance if applicable. The criteria must be strictly observed at all times throughout the contract award procedure by any officer involved in the tender evaluation.

32. Evaluation Team

32.1 An evaluation team will need to be formed for each procurement subject to the Regulations or for goods and services valued above £100,000, or for works procurements valued above £200,000.

32.2 The evaluation team should include but not be limited to the authorised officer, strategic procurement, legal & finance.

32.3 It is the responsibility of strategic procurement and/or finance to evaluate the commercial element of the tender.

33. Bonds, Guarantees and Insurance

33.1 For high value procurements, the evaluation team will consider as part of its prequalification assessment and evaluation process whether a performance bond and/or a parent company guarantee (if applicable) will be required from the preferred supplier.

33.2 The evaluation team must also consider the appropriate type and level of insurance requirements for each contract (e.g. employer liability, public liability, professional indemnity, etc.).

34. Award of Contract

34.1 A contract may only be awarded by an officer with the requisite delegated authority to award contracts. The authorised officer should make sure that the budget holder responsible for the contract has sufficient funds in place to sustain the contract prior to award. For all procurements valued at above £500,000 the decision to award a contract

must be made by the cabinet member for the relevant portfolio. (See the table in section 19 which demonstrates the decision levels within the council).

- 34.2 In the event that the council does not wish to award a contract after evaluating a tender response the authorised officer should advise all suppliers in writing detailing the reason for the decision and the way forward.

35. Debriefing

- 35.1 The authorised officer responsible for the procurement will provide feedback to all unsuccessful tenderers, detailing the reasons for the decision, including characteristics and relative advantages of the successful tenderer. Scores of the unsuccessful bidder and the winning bidder must also be issued with the award decision.
- 35.2 Should the unsuccessful tenderer request a further debrief after receipt of the feedback detailed in section 35.1 it is the responsibility of the authorised officer to do so. The standard agenda for the debriefing is available on the document library.

36. Contract Award Notice

Where a contract has been tendered pursuant to the regulations, the council will publish a contract award notice in OJEU no later than 48 days after the date of award of the contract.

37. Copies of tenders and contracts and register of contracts

Keeping copies of old tenders and contracts

- 37.1 The Authorised Officer in respect of a particular procurement must maintain a list of all tenders received.
- 37.2 For every individual contract, a contracts file must be maintained by the chief officer. If the total contract value is over £10,000, the chief officer must keep a copy of the contract for at least seven years from their end date if they were signed; and for at least 13 years from their end date if they were sealed.

38. Keeping a register of contracts

- 38.1 The strategic procurement unit will allocate a contract number to each individual contract and will maintain a register of all contracts awarded above £100,000.
- 38.2 Each chief officer will maintain their own register of all other contracts entered into by their department.
- 38.3 At the end of each quarter the chief officer will send their register to the strategic procurement team for publication in accordance with the Local Transparency – A Practitioners Guide to Publishing New Contracts and Tenders Data, November 2010.

39. What will the register record?

- 39.1 For each contract, the register will record:
- what the contract is for;
 - the total contract value;
 - contract reference number;
 - OJEU details (if applicable);
 - The council officer name & contact details;

- the name, address & contact details of the contractor;
- the start and end dates;
- the procurement method used;
- whether the contract can be extended and how;
- whether a certificate was issued under the Local Government (Contracts) Act;
- For the full list, the contract register is available In the document library.

40. Joint Procurement

- 40.1 Any joint procurement arrangements with other bodies including membership or use of purchasing consortia must be approved by the strategic procurement manager and the head of legal services prior to the commencement of any procurement on behalf of the Council.
- 40.2 Approval will only be given where the joint procurement arrangement assures compliance with the regulations.

41. Consultants

- 41.1 Any consultants used by the Council must be appointed in accordance with these contract rules. The authorised officer must ensure that the consultant's performance is monitored.
- 41.2 Where the Council uses consultants to act on its behalf in relation to any procurement, then the authorised officer must ensure that the consultants carry out any procurement in accordance with these rules.
- 41.3 No consultant may make any decision on whether to award a contract or who a contract should be awarded to.

42. Statistical Returns

- 42.1 Each year the council will make a statistical return to the government for onward transmission to the European Commission concerning the contracts awarded during the year under the regulations.
- 42.2 The strategic procurement manager is responsible for this statistical return and will make the necessary arrangements for information to be collected annually. Directors will comply with these arrangements.

43. Contract Extension and Variation

- 43.1 Any contract may be extended or varied in accordance with its terms. Where the terms do not expressly provide for extension, contracts subject to the regulations may be extended by negotiation in accordance with the rules set out in the regulations. Such extension must be notified to the individual cabinet councillor for the relevant portfolio and EU rules taken into consideration.
- 43.2 Other contracts may be extended only where authorisation has been agreed and a suitable contract extension/exemption for has been completed and duly authorised. The authorised officer must always be satisfied that extension will achieve best value for money and is reasonable in all the relevant circumstances.

44. Termination of Contracts

44.1 Contracts may only be terminated after seeking advice from the strategic procurement manager and the Head of Legal Services. For any contract exceeding £500,000 in value, termination must be approved by the cabinet member for the relevant portfolio. For any contract that is a key decision or is valued above £2,000,000 termination must be approved by the cabinet.

45. Review and Amendment of Contract Standing Orders

45.1 These contract rules will be reviewed and updated on a regular basis by the strategic procurement manager.

45.2 The strategic procurement manager will produce guidance to the use of contract rules.

46. Interpreting Contract Standing Orders

Questions about the contract standing orders and any related guidance will be dealt with by the Strategic Procurement Manager or Head of Legal Services. Their interpretation will be final.

RULES APPLYING TO THE DISPOSAL OF LAND AND PROPERTY

I When do the land and property disposal rules apply?

- 1.1** The land and property disposal rules apply to all disposals of land and property by the Council. They require each service department to formally determine whether a property is surplus to its requirements, after which all other service departments are given the opportunity to consider its re-use for operational purposes, before disposal. The respective ward Councillors are also notified of the pending disposal for their information
- 1.2** The rules aim to generate additional capital receipts, relating to property transactions.
- 1.3** As disposal of land held by Councils can be contentious it is important that officers follow the Council's land and property disposal guidelines to demonstrate good practice, avoid allegations of impropriety and avoid or defeat legal challenge. Where a disposal also involves construction works advice should be obtained from procurement or legal services to establish whether the [Contract Standing Orders](#) in relation to works contracts also apply.

2 Need to follow these rules

- 2.1** In order to comply with legislation and best practice it is essential that the procedures adopted for land disposals seek to obtain the best terms reasonably available:
- (i) allowing all interested parties an equal opportunity to lease or purchase
 - (ii) avoiding partiality or bias
- 2.2** In respect of each disposal (or series of disposals) the corporate property team will declare the land/property surplus to requirements and available for disposal.
- 2.3** In respect of each disposal the Assistant Director for Economic Development will evaluate all relevant matters to the disposal of the property concerned and make a recommendation on the most appropriate method of disposal and in the case of disposal by private treaty, whether a special purchaser be offered direct negotiations. The evaluation will include the financial costs or benefit to the Council of the method of disposal recommended.
- 2.4** Every disposal of land by way of tender must comply with these rules and no exception from any of the following provisions of these rules shall be made otherwise than by the direction of the Council.

3 Tenders

- 3.1** Where land/property is to be disposed of by way of tender the Assistant Director for Economic Development will advertise the Council's intention in a suitable publication. The advertisement will include the following:
- a description of the property to be disposed of
 - an indication that particulars are available from the commercial property service

- the date by which tenders should be returned

3.2 Tenderers shall be requested when returning the tender to provide such evidence of their financial standing as is deemed appropriate in respect of each disposal.

4 Use of select list tenders

4.1 Where land/property is to be disposed of by select list tender in order to facilitate development, the Assistant Director for Economic Development will publish an advertisement in a suitable publication inviting expressions of interest in the property to be disposed of.

4.2 All persons/organisations responding to the advertisement will be issued with particulars which will include details of the property to be disposed of and, if appropriate, an outline of the Council's objectives in securing disposal.

4.3 The particulars will stipulate the information that prospective purchasers will provide in order to be considered for invitation to tender. This will include:

- the prospective purchasers experience of property development
- copies of the prospective purchasers audited accounts covering the previous three years
- where appropriate, preliminary drawings of the development proposed

4.4 The closing date for deposit of submissions to the Council shall be stipulated in the particulars.

4.5 Invitations to tender shall be sent to not fewer than four of the persons who have deposited submissions in response to the advertisement. If fewer than four such persons apply, all shall be invited to tender if, in the opinion of the Assistant Director for Economic Development, they are suitable tenderers and subject to financial appraisal by the Responsible Finance Officer.

5 Information to be given to tenderers

Each invitation to tender, or where the tender is by way of open tender, the tender documents, shall state that no tender will be received except in a plain sealed envelope addressed to:

Legal Services
Plymouth City Council
Civic Centre
Plymouth
PLI 2AA

which must bear the word TENDER and indicate the land/property to which it relates.

5.2 clearly specify the date and time before which the tender must be returned. Any tender returned after the specified time shall not be considered and must not be opened but kept in a safe place by an officer delegated by the head of legal services until the tender has been

awarded. After award, the late tender may be opened to find out the name and address of the tenderer and returned to it, with a note recording the circumstances of its return.

5.3 that any indication on the envelope identifying the tenderer will invalidate the tender.

6 Receipt of tenders

6.1 All tenders will remain in the custody of the head of legal services until the time appointed for their opening.

6.2 The head of legal services will record, in a book to be kept for the purpose; the tenders received and indicate on each tender envelope received the date and time of such receipt.

7 Opening of tenders

7.1 Tenders will be opened at the appointed time by the head of legal services and Assistant Director for Economic Development or other senior officers authorised by them.

7.2 The representative of the head of legal services will list the names of the tenderers and where practicable the respective amount thereof.

7.3 The Assistant Director for Economic Development will initial the tenders and arrange for their immediate tabulation and any necessary further negotiation and checking.

7.4 The Assistant Director for Economic Development will give written notice to the cabinet member of the time appointed for the opening of the tenders so that he/she may be present at the time.

8 Acceptance of tenders

8.1 No tender other than the highest tender will be accepted by the cabinet member unless s/he and the monitoring officer have considered a written report from the Assistant Director for Economic Development.

8.2 As soon as possible after the opening of the tenders the Assistant Director for Economic Development will write to the unsuccessful tenderers informing them of the outcome of the tender exercise.

9 Informal and negotiated tenders

9.1 The preceding paragraphs will apply to informal and negotiated tenders unless they are inconsistent with this paragraph.

9.2 Following the opening of the tenders the Assistant Director for Economic Development or an officer authorised by him/her will enter into negotiations regarding the fulfilment of conditions but will not seek to increase the basic tenders put forward nor accept increased offers from unsuccessful tenderers.

9.3 In cases where the scale, complexity or perceived sensitivity of the negotiation is of particular importance, the negotiating officer will, whenever possible, be accompanied to meetings by another Council officer. (The requirement for a second Council officer will be deemed to be met if the negotiations are attended by an officer of another local authority

or government department or by a representative of external advisers appointed by the Council).

- 9.4** Meetings will normally take place at the Council's offices or at the offices of the Council's advisers, on site, at the premises of the prospective purchaser/lessee or those of their advisers or at the offices of another local authority or government department. Any departure from this practice will be formally recorded on file and notified to the head of service.
- 9.5** Notes of meetings and telephone calls should be recorded at the time on the file.
- 9.6** Where external consultants have been appointed to advise the Council, these rules apply equally to the external consultants as they would to Council officers.

10 Councillors role in land and property transactions

- 10.1** Councillors should not be involved in negotiations on land and property transactions with third parties. Councillor involvement in the discussion of initial scheme proposals (e.g. the assessment of schemes at expression of interest or formal tender stage) will occasionally be necessary but this should only be in the format of proper meetings and presentations organised in consultation with the cabinet member and head of service. Such meetings must be recorded and noted on the file. Where a third party attempts to involve a Councillor in negotiations, the Councillor will refer the same to the Monitoring Officer and will have no further part in the transaction concerned.
- 10.2** No Councillor shall issue any order in respect of works required on any Council site or property.
- 10.3** Similarly, no Councillor shall claim any right to enter upon land and premises not in Council ownership but which the Council has a right or duty to inspect.
- 10.4** Any Councillor proposing to inspect any Council building or works shall not do so without the authority of the Head of Partnerships and Operations, in consultation with the cabinet member responsible for property and shall report back to the cabinet member.'
- 10.5** The Leader, cabinet and cabinet members will take executive decisions about land and property transactions based on written reports from officers.

11. Surplus Property Procedures

What are the procedures which apply when disposing of surplus operational property (excluding Minor Garden Land Disposals)?

A Advance Notification

Where there is potential for any property to become surplus to requirements, the relevant departmental officers will consult with the cabinet member, departmental management team and with the relevant officers in the corporate property team at the earliest possible stage

B Surplus Property Declaration

Where property is no longer required for the purpose for which it was originally acquired or held, or has become unsuitable for purpose or is significantly underused, the responsible controlling head of service will, in consultation with the cabinet member and departmental director, make a recommendation to the Head of Partnerships and Operations to declare the property surplus to requirements.

C Interim Management

Management of property declared surplus to requirements will immediately transfer to the corporate property team.

D Options for re-use

Upon being advised of property being declared surplus, the Head of Partnerships and Operations will inform all Council departments of its availability and a minimum of 14 days will be allowed for them to indicate any requirements for service provision. Ward Councillors will also be notified of impending disposal.

If surplus property is required for service provision and has a value in excess of £250,000, the head of service requiring the property will, following consultation with the cabinet member, Head of Partnerships and Operations and departmental director, prepare a report for consideration by the corporate management team, which will determine whether the property should be retained, or proceed to disposal. If the property has a value less than £250,000 the decision to retain the property or proceed to disposal will be made by the Head of Partnerships and Operations in consultation with the cabinet member responsible for asset management.

E Requirement for Service Provision

If the corporate management team determines that a property will be retained for future service provision, management will transfer to the head of service seeking the property or, in the case of public open space, revert to the original responsible head of service.

F Disposal

If surplus property is not required for service provision, the Head of Partnerships and Operations and/or Assistant Director for Economic Development or other nominee will proceed to make arrangements for its disposal in accordance with the Council's land and property disposal guidelines.

If land declared surplus to requirements is underused public open space or allotments that by virtue of legislation require advertisements and the invitation of objections, an appropriate advertisement will be placed in the local press.

If objections are received in response to an advertisement of intention to dispose of public open space, the Head of Partnerships and Operations and/or Assistant Director for Economic Development will consult with the cabinet member and prepare a report for consideration by the corporate management team to determine whether disposal should proceed.

G Minor Property Interests

Where land being prepared for disposal has a value of less than £200,000 and an area of less than 0.25 hectares, in the case of no alternative use having been put forward, the Head of Partnerships and Operations and/or Assistant Director for Economic Development may declare the property surplus to requirements.

However, the surplus property disposal procedure does not apply to minor garden/amenity land disposals (see policy for disposal of amenity land).

What rules apply when disposing of surplus non operational property (Excluding Minor Garden Land Disposals)?

Non operational property

H Leases Incorporating Options

In all cases where the Council is contractually committed to sell through clauses in existing agreements, the properties will be declared unconditionally surplus to requirements and the appropriately authorised officer will proceed to disposal in accordance with contract requirements.

I Other Income Producing Properties

The Assistant Director for Economic Development may declare property surplus to requirements if the following conditions are met:

- a) The property is an investment property – occupied and let in a non-operational capacity
- b) The property is not required for current or anticipated future service provision

Properties to be sold or let will proceed to disposal in accordance with the Council's land and property disposal guidelines.

J Vacant Investment Property

If investment property is vacant or there is a reasonable likelihood of its becoming vacant and is no longer required for service provision, the Assistant Director for Economic Development will inform other Council departments of its availability for service provision and policies D, F and G above will apply.

K Formal Approvals

Approval Procedures

Decisions reached by the Head of Partnerships and Operations in relation to surplus property declaration and re-use of surplus property will be subject to the approval of the relevant cabinet member for the property service or cabinet where necessary (see Part C).

L Investment properties (including employment land)

Disposal Procedures

Sites and buildings which are held by the Council for economic policy reasons will be deemed to be surplus when disposals are contemplated with the objective of accommodating specific occupiers. In such circumstances, disposal negotiations will be undertaken by private treaty and based on normal market terms.

PROPER OFFICERS AND DELEGATION OF OTHER MISCELLANEOUS FUNCTIONS**I APPOINTMENT OF PROPER OFFICERS**

I.1 All members of the senior management structure may appoint officers to act as proper officers for the purposes of any Act of Parliament or Statutory Instrument if:

- (a) the member of the corporate management team or senior management structure or one of their staff has budgetary or management responsibility for that function; and
- (b) the officer appointed is qualified to carry out the functions of a proper officer; and
- (c) the constitution or the law does not require it to be carried out by someone else.

Legislation		Responsibility	Proper officer
Local Government Act 1972	Section 83(1) to (4)	Witnessing and receiving declarations of acceptance of office	Monitoring Officer
	Section 84(1)	Receiving a Councillor's resignation	Monitoring Officer
	Section 88 (2)	Calling a Council meeting to elect a chair if there is a casual vacancy	Monitoring Officer
	Section 89(1)	Giving notice of a casual vacancy	Monitoring Officer
	Section 100 except 100(d)	Opening meetings to the public	Monitoring Officer
	Section 100(d)	Listing background papers for reports and making copies available for the public to look at	All Assistant Directors

	Section 115(2)	Receiving money due from officers	Responsible Finance Officer
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	Section 146(1)(a) and (b)	Making declarations and certificates about transferring securities	Responsible Finance Officer
	Section 191	Receiving applications under Section 1 of the Ordnance Survey Act	Head of Legal Services
	Section 225	Depositing documents	Head of Legal Services
	Section 228(3)	Making accounts available for Councillors to look at	Responsible Finance Officer
	Section 229(5)	Certifying photocopies of documents	Head of Legal Services
	Section 234	Authenticating documents	Head of Legal Services and all Assistant Directors
	Section 238	Certifying byelaws	Head of Legal Services
	Section 248	Keeping a list of freemen of the city	Monitoring Officer
	Schedule 12, paragraph 4(2)(b)	Signing the summons to Council	Chief Executive
	Schedule 12, paragraph 4(3)	Being told where to send summonses to Council meetings	Monitoring Officer
	Schedule 14, paragraph 25	Certifying resolutions passed under this paragraph	Head of Legal Services
Local Government Act 1974	Section 30(5)	Giving notice that copies of an ombudsman's report are available	Strategic Director for Corporate Support
Local Government (Miscellaneous Provisions) Act 1976	Section 41(1)	Certifying copies of resolutions and minutes	Monitoring Officer
Local Authorities Cemeteries Order 1977	Regulation 10 and schedule 2	Signing exclusive burial rights	Assistant Director for Street Services

Local Elections (Principal Area) Rules 1986	Rule 46	Keeping documents after an election and making them available for the public to look at	Electoral Registration Officer
Local Government and Housing Act 1989	Section 2(4)	Keeping the list of politically restricted posts	Assistant Director for Human Resources, Organisational Development and ICT
Local Government (Committees and Political Groups) Regulations 1990		Dealing with political balance on committees	Monitoring Officer
Local Authorities (Standing Orders) (England) regulations 2001		Giving notice of appointments and dismissals of officers in accordance with the regulations	Assistant Director for Human Resources, Organisational Development and ICT
Local Government Act 2000		Acting as proper officer for all the responsibilities in the Local Government Act 2000 and subordinate legislation	Monitoring Officer
Public Health Act 1936	Section 84	Cleansing of filthy and verminous articles	Director of Public Health Consultant in Communicable Disease Control (CCDC), and any equivalently medically qualified officer as designated by the Devon, Cornwall and Somerset Public Health England Centre or by any successor agency or unit
Public Health Act 1936	Section 85(2)	Cleansing of filthy and verminous persons and their clothing	Director of Public Health Consultant in

			Communicable Disease Control (CCDC), and any equivalently medically qualified officer as designated by the Devon, Cornwall and Somerset Public Health England Centre or by any successor agency or unit
Public Health Act 1961	Section 37	Controlling verminous things	Assistant Director for Street Services
Public Health (Aircraft) Regulations 1979	Regulation 5 and including all subsequent reference to medical officers		
Public Health (Ships) Regulations 1979	Regulation 5 and including all subsequent reference to medical officers		Director of Public Health Consultant in Communicable Disease Control (CCDC), and any equivalently medically qualified officer as designated by the Devon, Cornwall and Somerset Public Health England Centre or by any successor agency or unit (as Medical Officer of Health)
Public Health (Control of Disease Act) 1984 as amended	Section 61 and 62	Powers to enter premises for health protection purposes, and supplementary powers of entry	Director of Public Health Consultant in Communicable Disease Control (CCDC), and any equivalently medically qualified officer as designated by the Devon, Cornwall

			and Somerset Public Health England Centre or by any successor agency or unit Environmental Health Practitioners employed within Public Protection Service
Public Health (Control of Disease Act) 1984 as amended	Section 48	Certification for removal of bodies to mortuary or for burial.	Director of Public Health Consultant in Communicable Disease Control (CCDC), and any equivalently medically qualified officer as designated by the Devon, Cornwall and Somerset Public Health England Centre or by any successor agency or unit
Health Protection (Local Authority Powers) Regulations 2010	Regulations 8 (1) and 8 (2)		Director of Public Health Consultant in Communicable Disease Control (CCDC), and any equivalently medically qualified officer as designated by the Devon, Cornwall and Somerset Public Health England Centre or by any successor agency or unit
Health Protection (Notification Regulations) 2010	Regulations 2, 3, and 6	Receipt and disclosure of notification of suspected notifiable disease, infection or contamination in patients and dead persons	Director of Public Health Consultant in Communicable Disease Control (CCDC), and any

			equivalently medically qualified officer as designated by the Devon, Cornwall and Somerset Public Health England Centre or by any successor agency or unit Assistant Director for Environmental Services
Health Protection (Part 2A Orders) regulations 2010		Preparation of application for Part 2A Order	Director of Public Health
National Assistance Act 1948	Section 47	Taking people in need of care and attention to a suitable place	Head of Strategic Co-operative Commissioning
National Assistance (Amendment) Act 1951	Section 1	Certifying the need for immediate action	Head of Strategic Co-operative Commissioning
Money Laundering Regulations 2003	Regulation 7	Being told about suspected money laundering	Responsible Finance Officer
Local government data handling guidelines under the Data Protection Act		Manage information risk within the Council's risk management framework	Responsible Finance Officer

Local Democracy, Economic Development and Construction Act 2009	Sections 31 and 32	Promote the role of and provide support to the overview and scrutiny panels and management board; provide support and guidance to members and officers in relation to the scrutiny function.	Head of Policy, Performance and Partnerships
Registration Services Act		Proper officer for registration of births, marriages and deaths	Assistant Director for People

Legislation in these tables includes any amendments, re-enactments and subordinate legislation.

DELEGATION OF OTHER MISCELLANEOUS NON EXECUTIVE FUNCTIONS unless they are specifically delegated to Council a committee or an Officer elsewhere in this constitution

Legislation	Responsibility	Carried out by
Local Government Act 1972, Section 112	Power to appoint staff and to set their terms and conditions (including procedures for dismissing them)	<p>The appointments panel appoints Directors and Assistant Directors and recommends the appointment of Chief Executive and designation of Head of Paid Service, Responsible Finance Officer and Monitoring Officer to Council.</p> <p>Assistant Directors appoint everyone else. The Chief Executive sets collective terms and conditions other than for posts under the JNC for chief officers which are set by Council.</p> <p>(Council has delegated the function of appointing and dismissing staff who report direct to the Director of Public Health, to the Director of Public Health.)</p>
Local Government Act 1972, Section 135	Power to make contract rules	Council

Local Government Act 1972, Section 151	Duty to arrange proper financial administration	Responsible Finance Officer
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Local Government Act 1972, Section 270(3)	Power to appoint proper officers for the purposes of the Local Government Act 1972	Monitoring Officer (or any other officer specifically appointed in the constitution)
Local Government and Housing Act 1989, Section 4(1)	Duty to designate Head of Paid Service and provide resources	Council (but appointments committee makes a recommendation)
Local Government and Housing Act 1989, Section 5(1)	Duty to designate Monitoring Officer and provide resources	Council
Local Government Act 2000, Sections 82A(4) and (5)	Duty to provide resources to a person named by the Monitoring Officer	Council
Local Government Act 2000, paragraphs 12 and 14 of Schedule 1	Powers relating to scrutiny committees (voting rights of Council-opted members)	Council
Local Government Act 2000, Section 92	Power to provide compensation when there has been maladministration	If the compensation is less than £5000 the power is delegated to officers in the senior management structure
Representation of the People Act 1983, Section 8(2)	Duty to appoint an electoral registration officer	The Chief Executive is the electoral registration officer
Representation of the People Act 1983, Section 35	Duty to appoint returning officer for local government elections	The Chief Executive is the returning officer
Local Government and Public Involvement in Health Act 2007, Sections 33(2), 38(2) and 40(2)	Duty to consult on change of scheme for elections	Council
Local Government and Public Involvement in Health Act 2007, Sections 35, 41 and 52	Duties relating to publicity	Council
Local Government and Public Involvement in Health Act 2007, Section 53	Duties relating to notice to Electoral Commission	Council
Local Government and	Functions relating to	Council

Public Involvement in Health Act 2007, Section 59	change of name of an electoral area	
	Powers to appoint the Lord Mayor and the Deputy Lord Mayor	Council on the recommendation of the Lord Mayor's Selection Committee
All the responsibilities in Paragraph C of Schedule I to the Local Authorities (Functions and Responsibilities) (England) Regulations 2000.	Powers and responsibilities in relation to Health and Safety at Work	The Assistant Director for Street Services
All the responsibilities in Paragraph EB of Schedule I to the Local Authorities (Functions and Responsibilities) (England) Regulations 2000.	Functions in relation to community governance	Council
All the responsibilities in Paragraph H of Schedule I to the Local Authorities (Functions and Responsibilities) (England) Regulations 2000.	Functions in relation to pensions	The Responsible Finance Officer
All the responsibilities in the Health Act 2006 in relation to the ban on smoking in public places.	Functions in relation to the ban on smoking in public places.	The Assistant Director for Street Services

CITY OF PLYMOUTH

Subject: Treasury Management Practices, Principles and Schedules 2015/16

Committee: Audit Committee

Date: 25 June 2015

Cabinet Member: Cllr Lowry

CMT Member: Andrew Hardingham (Assistant Director for Finance)

Author: David Northey, Head of Corporate Strategy

Contact details: Tel: 01752 305428
email: david.northey@plymouth.gov.uk

Ref: Acct/AL

Key Decision No

Part: I

Purpose of the report:

The Local Government Act 2003 requires the Council to set out its Treasury Management Policy, Treasury Management Strategy for borrowing and to prepare an Annual Investment Strategy. The Council's Treasury Management Policy was approved by Council on 23 February 2015 and the Council's strategy for 2015/16 was approved by Council at its budget meeting on 23 February 2015. It is a requirement of the adopted CIPFA Code of Practices on Treasury Management that practices, principles and schedules are in place to ensure the Council's policy is adhered to and that working practices and controls are in place to meet the approved strategy and to fully report activities to the Audit Committee and Council.

The Brilliant Co-operative Corporate Plan 2013/14-2016/17:

Effective financial management is fundamental to the delivery of corporate improvement priorities. Treasury Management activity has a significant impact on the Council's activity both in revenue budget terms and capital investment and is a key factor in facilitating the delivery against a number of corporate priorities.

Implications for Medium Term Financial Plan and Resource Implications:

Including finance, human, IT and land

Treasury Management affects the Council’s budget in terms of borrowing costs and investment returns, and is reviewed as part of the budget setting process.

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety, and Risk Management:

The current volatility and uncertainty within the global financial markets has had a substantial effect on Treasury Management activities. The risk in the Council’s investments and loans will be constantly monitored and acted upon in accordance with the principles and procedures set out in the Council’s Treasury Management Practices, Principles and Schedules.

Recommendations & Reasons for recommended action:

- I. To approve the Treasury Management Practices, Principles and Schedules for 2015-16 as set out in this report.
-

Alternative options considered and reasons for recommended action:

The Council has adopted the CIPFA Code of Practice for Treasury Management which requires the Treasury Management Practices, Principles and Schedules to be scrutinised and approved by the Audit Committee.

Published work/information

Treasury Management Strategy Report 2015-16 (Council 23 February 2015)

Background papers:

None

Sign off:

Fin	cdr1516.18	Leg	LT23271	Mon Off	DVS23 271	HR		Assets		IT		Strat Proc	
Originating SMT Member Andrew Hardingham, Assistant Director for Finance													

Has the Cabinet Member(s) agreed the contents of the report? Yes, but subject to any recommendations from Audit Committee

Plymouth City Council

TREASURY MANAGEMENT PRACTICES PRINCIPLES AND SCHEDULES

2015-16

12 June 2015

TREASURY MANAGEMENT PRACTICES

PRINCIPLES AND SCHEDULES

This document has been prepared in the sequence provided by CIPFA. For ease of use, the key areas for Plymouth City Council treasury operations are referenced below:

	TMP Number	Page
Organisational chart of the Council's Finance and Treasury Division	TMP 5	31
Statement of duties and responsibilities	TMP 5	31
Absence cover	TMP 5	31
Liquidity Management, Cash flow, bank overdraft, short-term borrowing/lending	TMP 1	10
Cash Flow forecasts	TMP 8	48
Bank statements, payment scheduling	TMP 8	48
Electronic banking and dealing	TMP 1	17
Standard Settlement Instructions, Payment Authorisation	TMP 1	17
Approved types and sources of borrowing	TMP 4	27
Approved investment instruments	TMP 4	27
Counterparty and Credit Risk Management	TMP 1.1	7
Current criteria	TMP 1.1	7
Counterparty List and Limits		
Dealing: - Authorised dealers - Dealing limits - List of approved brokers - Deal Ticket proforma - Direct dealing list - Settlement transmission procedures	TMP 5	31
Reporting arrangements/Performance measurement	TMP 6	38
Officers' responsibilities for reporting	TMP 2	21
	TMP 5	31
Budget, Statement of Accounts, treasury-related information requirements for Auditors	TMP 7	43
Procedure Notes for Council's treasury management system	TMP 8	48
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References to Statute and Legislation	TMP 1	15

Introduction

The CIPFA Code of Practice on Treasury Management in the public Services (the Code) was last revised in November 2011. The Code requires the setting out of the responsibilities and duties of members and officers, allowing a framework for reporting and decision making on all aspects of treasury management. This Council had adopted the original Code and has similarly adopted the revised 2011 Code. The Code recommends the creation and maintenance of:

- A Treasury Management Policy Statement, stating the policies and objectives of its treasury management activities
- Suitable Treasury Management Practices setting out the manner in which the organisation will seek to achieve those policies and objectives and prescribing how it will manage and control those activities.

The Treasury Management Practices (TMPs) comprise:

TMP 1: Risk management

TMP 2: Performance measurement

TMP 3: Decision-making and analysis

TMP 4: Approved instruments, methods and techniques

TMP 5: Organisation, clarity and segregation of responsibilities and dealing arrangements

TMP 6: Reporting requirements and management information arrangements

TMP 7: Budgeting, accounting and audit arrangements

TMP 8: Cash and cash flow management

TMP 9: Money laundering

TMP 10: Training and qualifications

TMP 11: Use of external service providers

TMP 12: Corporate governance

Schedules supporting these practices and other documents held at an operational level specify the systems and routines to be employed and the records to be maintained in fulfilling the Council's treasury functions.

I. TMP I: RISK MANAGEMENT

- I.1 All treasury management activities involve both risk and the pursuit of reward or gain for the Council. The council's policies and practices emphasise that the effective identification, management and containment of risk are the prime objectives of treasury management activities.
- I.2 The Section 151 Officer will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in **TMP6 Reporting requirements and management information arrangements**. In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out as schedules below.
- I.3 **Credit and Counterparty Risk Management:** Credit and counterparty risk is the risk of failure by a third party to meet its contractual obligations to the Council under an investment, borrowing, capital, project or partnership financing, particularly as a result of the third party's diminished creditworthiness, and the resulting detrimental effect on the Council's capital and revenue resources.
 - I.3.1 **Principle:** *The Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 Approved instruments, methods and techniques, and listed in the schedule. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, as per the Treasury Management Strategy, or with whom it may enter into other financing arrangements.*

1.3.2 Schedule:

<p>Criteria to be used for creating/managing approved counterparty lists/limits</p>	<p>The Section 151 Officer is responsible for setting prudent criteria and the Council’s treasury advisors will also provide guidance and assistance in setting the criteria.</p> <p>The criteria will be agreed by Cabinet.</p> <p>The current criteria is contained in the Treasury Strategy.</p> <p>The Council’s treasury management advisors will advise on credit policy and creditworthiness related issues. The Council will maintain a counterparty list based on its criteria and will monitor and update the credit standing of the institutions on a regular basis. This assessment will include consideration of credit ratings from all 3 ratings agencies and other alternative assessments of credit strength (for example, statements of potential government support which now includes resolution mechanisms for failing financial institutions, CDS information, the composition of an institution’s balance sheet liabilities). The Council will also take into account information on corporate developments of and market sentiment towards investment counterparties.</p> <p>The credit rating criteria will also apply to securities issued by financial and non-financial institutions, which in some instances, might be higher than that of the issuing institution.</p> <p>Higher time and cash limits may be set for secured investments (e.g. those with underlying collateral or which are by regulation excluded from being bailed-in/restructured in the event of financial distress.)</p> <ul style="list-style-type: none"> - Where there is no investment-specific rating, but collateral upon which the investment secured is rated, then the higher of the collateral and counterparty rating will be used to determine time and cash limits.
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<p>Approved methodology for changing limits and adding/removing counterparties</p> <p>Risk management : creditworthiness deteriorates below the minimum criteria</p> <p>(a) ratings are placed on review for downgrade</p>	<p>The Section 151 Officer has delegated responsibility to add or delete counterparties and to review limits within the parameters of the criteria detailed above.</p> <p>Where an entity's credit rating is downgraded so that it fails to meet the minimum criteria, then</p> <ul style="list-style-type: none"> - No new investments will be made, - Any existing investments that can be recalled or sold at no cost will be, and - Full consideration will be given to the recall or sale of other existing investments with the affected counterparty. <p>Where a credit rating is placed on review for possible downgrade (also termed 'rating watch negative' or 'credit watch negative') so that it may fall below the minimum approved credit criteria, then only investments that can be withdrawn on [the next working day] will be made with that organisation until the rating review has been completed and its outcome known.</p> <p>The policy in (b) will not apply for 'negative outlooks' which indicate a long-term direction of travel rather than a possibility of an imminent downgrade.</p>
<p>Counterparty list and limits</p>	<p>A full individual listing of banking* counterparties based on the criteria will be maintained. As credit ratings etc. are subject to change without notice, an up-to-date lending list will be maintained on an ongoing basis within the Operations Folder.</p> <p>*It may be impractical to determine a specific list of non-financial counterparties in whose securities investments might be made. The minimum credit rating criteria and whether the security is secured or unsecured will determine its selection for investment.</p>
<p>Details of credit rating agencies' services and their application</p>	<p>The Council considers the ratings of all 3 ratings agencies (Standard & Poor's, Moody's and Fitch) when making investment decisions. Credit rating agency information is just one of a range of instruments used to assess creditworthiness of institutions.</p> <p>No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the minimum credit rating criteria.</p>

<p>Description of the general approach to collecting/using information other than credit ratings for counterparty risk assessment</p>	<p>The Council's Treasury Advisor, Arlingclose, provides timely information on counterparties, in terms of credit rating updates and economic summaries. Credit default swap information is received monthly, as well as information on share price.</p> <p>The Council's Treasury Advisor also undertakes analysis on the balance sheet structure of key banking institutions to help inform the potential restructure (i.e. bail-in) of a bank's unsecured liabilities should this be required by the regulatory authorities.</p> <p>In addition, Arlingclose reads quality financial press for information on counterparties.</p>
<p>Country, sector and group listings of counterparties and overall limits applied to each, where appropriate</p>	<p>Investments will be displayed so as to show total group exposure, total country exposure and total sector exposure.</p> <p>Group limits will be set for the above, in terms of monetary value/percentage of overall portfolio, where appropriate. Group limits for organisations under the same ownership will be set at the same level as the lead institution in that group.</p>

1.4 Liquidity Risk Management: Liquidity risk is the risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that the Council's business/service objectives will be thereby compromised.

1.4.1 Principle: *The Section 151 Officer will ensure the Council has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives.*

The Council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to fund future debt maturities.

1.4.2 **Schedule:**

Cash flow and cash Balances	<p>The Council will aim for effective cash flow forecasting and monitoring of cash balances and will maintain a rolling <u>12</u>-month cash flow forecast.</p> <p>The Treasury Team shall seek to optimise the balance held in the Council's main bank accounts at the close of each working day in order to minimise the amount of bank overdraft interest payable or maximise the amount of interest that can be earned.</p> <p>In order to achieve the maximum return from investments, a daily cash balance of +/- £100,000 is the objective for the Council's bank account.</p>
Short term investments	<p>A balance in the region of £100,000 to deal with day to day cash flow fluctuations is maintained by investing money overnight with the Council's bankers.</p> <p>The Council also uses various Reserve Accounts and Money Market Funds to manage its liquidity requirements These Accounts/Funds are named on the Council's approved counterparty list. The maximum balance on each of these accounts is reviewed and set as part of the Council's investment strategy.</p>
Temporary Borrowing	<p>Temporary borrowing up to 364 days through the money market is available should there be a cash flow deficit at any point during the year.</p> <p>At no time will the outstanding total of temporary and long-term borrowing together with any bank overdraft exceed the Prudential Indicator for the Authorised Borrowing Limit agreed by the Council before the start of each financial year.</p>
Bank Overdraft and standby facilities	<p>The Council has an authorised overdraft limit with its bankers Barclays of £100,000 at an agreed rate of 0%. The facility is used as a contingency when temporary borrowing is difficult or more expensive, or for amounts of less than £100,000.</p>

1.5 Interest Rate Risk Management: Interest Rate risk is the risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the Council's finances, against which the Council has failed to protect itself adequately.

1.5.1 Principle: *The Council will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP6 Reporting requirements and management information arrangements.*

1.5.2 Schedule:

<p>Minimum/ maximum proportions of fixed/variable rate debt/interest</p>	<p>Borrowing/investments may be at a fixed or variable rate.</p> <p>The Prudential Code requires the Council to determine each year the maximum proportion of interest payable on net borrowing which is subject to fixed and variable interest rates. This is set each year as part of the annual budget setting process.</p> <p>In setting its forward Treasury Strategy on an annual basis, the Council will determine the necessary degree of certainty required for its plans and budgets but will, at the same time, allow sufficient flexibility enable it to benefit from potentially advantageous changes in market conditions and level of interest rates and also to mitigate the effects of potentially disadvantageous changes.</p> <p>The Council will achieve this by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility.</p>
<p>Managing changes to interest rate levels</p>	<p>The main impact of changes in interest rate levels is to monies borrowed and invested at variable rates of interest.</p> <p>The Council will consider matching borrowing at variable rates with investments similarly exposed to changes in interest rates as a way of mitigating any adverse budgetary impact.</p> <p>The Council may determine it is more cost effect in the short-term to fund its borrowing requirement through the use of internal resources ('internal borrowing') or through borrowing short-term loans. The benefits of such borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing or refinancing in future years when interest rates are expected to be higher.</p> <p>Interest rate forecasts are provided by the Council's and are closely monitored by the Treasury Management Lead Accountant. Variations from original estimates and their impact on the Council's debt and investments are notified to the Strategic Treasury Management Board as necessary.</p> <p>For its investments, the Council also considers dealing from forward periods dependent upon market conditions. The Council's counterparty term limits will apply and will include the forward period of the investment.</p>
<p>Details of approved interest rate exposure limits</p>	<p>The upper limits on net fixed interest rate and net variable interest rate exposures are determined each year as part of the Treasury Management Indicators now included in the annual Treasury Management Strategy Statement.</p>

<p>Details of hedging tools used to manage risk (if applicable)</p>	<p>The Council will only use the following standalone financial derivatives: <i>e.g. swaps, forwards, futures and options</i> as these can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to.</p> <p>The use of derivatives is outlined in TMP 4 - Approved Instruments, Methods and Techniques and the Council will seek proper advice <u>before</u> entering into arrangements for such products and will ensure it has the necessary knowledge and understanding of them before doing so.</p>
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1.6 Exchange Rate Risk Management: The risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the Council’s finances against which the Council has failed to protect itself adequately.

1.6.1 Principle: *The Council will ensure that it protects itself adequately against the risk of fluctuations in foreign exchange rates creating an unexpected or unbudgeted burden on the Council's finances. It will manage any exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.*

1.6.2 Schedule:

<p>Exchange rate risk management</p>	<p>This Council does not, on a day to day basis, have foreign currency transactions or receipts. Unexpected receipt of foreign currency will be converted to sterling at the earliest opportunity.</p> <p>If the Council has a contractual obligation to make a payment in a currency other than sterling then forward foreign exchange transactions will be considered, with professional advice.</p> <p>At the present time statute prevents the Council borrowing in currencies other than Sterling.</p>
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1.7 Refinancing Risk Management: The risk that maturing borrowings, capital, project or partnership financings cannot be refinanced on terms that reflect the provisions made by the organisation for those refinancings, both capital and current (revenue), and/or that the terms are inconsistent with prevailing market conditions at the time.

1.7.1 Principle: *The Council will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.*

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid over reliance on any one source of funding if this might jeopardise achievement of the above.

1.7.2 Schedule:

<p>Projected capital investment requirements</p>	<p>4 year projections are in place for capital expenditure and its financing or funding. Financing will be from capital receipts, reserves and any grants or contributions awarded revenue resources or reserves. Funding will be from internal or external borrowing, as decided.</p> <p>As required by the Prudential Code, the Council will undertake Options Appraisal to evaluate the best capital expenditure financing route.</p> <p>The Council’s projected long-term borrowing requirement will be linked to the projected Capital Financing Requirement.</p>
<p>Debt profiling, policies and practices</p>	<p>Any longer term borrowing will be undertaken in accordance with the Prudential Code and will comply with the Council’s Prudential Indicators and the Annual Treasury Management Strategy.</p> <p>The Council will maintain through its treasury system Logotech reliable records of the terms and maturities of its borrowings, capital, project and partnership funding and, where appropriate, plan and successfully negotiate terms for its refinancings.</p> <p>Where the lender to the Council is a commercial body the Council will aim for diversification in order to spread risk and avoid over-reliance on a small number of counterparties.</p>

Policy on LOBO call options	<p>The Council's debt portfolio includes loans borrowed on a LOBO (Lender's Option Borrower's Option) basis.</p> <p>The call dates for each LOBO loan are denoted within the Operations Folder and are referenced to the LOBO documentation.</p> <p>Prior to each call date, the Council will evaluate alternative funding sources for comparable interest rates/maturities. This will be discussed at the regular treasury meeting.</p> <p>If the Lender exercises the call option (directly or via the broker) for a revision to the terms of the loan, the Council will thoroughly evaluate the new terms and additionally seek advice from the Council's advisor.</p> <p>It is important to remain within the timescale for the Council to exercise its option should the call be made, but not be rushed into a decision.</p>
Policy concerning limits on revenue consequences of capital financings	<p>The revenue consequences of financing the capital programme are included in cash flow models, annual revenue estimates and medium term forecasts.</p>

1.8 Legal and Regulatory Risk Management: The risk that the Council itself, or a third party with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the Council suffers losses accordingly.

1.8.1 Principle: *The Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMPI(1) Credit and counterparty risk management, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the Council, particularly with regard to duty of care and fees charged.*

The Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

1.8.2 Schedule:

References to relevant statutes and regulations	<p>The treasury management activities of the Council shall comply fully with legal statute and the regulations of the Council. These are:</p> <ul style="list-style-type: none"> ▪ CIPFA’s Treasury Management Code of Practice 2001 and subsequent amendments ▪ CIPFA Guide for Chief Financial Officers on Treasury Management in Local Authorities ▪ CIPFA Prudential Code for Capital Finance in Local Authorities and subsequent amendments ▪ CIPFA Standard of Professional Practice on Treasury Management ▪ The Local Government Act 2003 ▪ The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 SI 2003 No 3146, and subsequent amendments ▪ Pensions, England and Wales - The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 – SI 2009 No 3093 ▪ The CLG’s statutory Guidance on Minimum Revenue Provision (MRP) ▪ The ODPM’s (now CLG’s) Guidance on Local Government Investments in England issued March 2004 and subsequent amendments ▪ The Local Authorities (Contracting out of Investment Functions) Order 1996 SI 1996 No 1883 ▪ LAAP Bulletins ▪ Code of Practice on Local Authority Accounting in the United Kingdom based on International Financial Reporting Standards (from 2010/11 onwards) ▪ Accounts and Audit Regulations 2003, as amended together with CLG’s Guidance ▪ The Localism Act 2011 ▪ The Non Investment Products Code (formerly known as The London Code of Conduct) for principals and broking firms in the wholesale markets ▪ Council’s Constitution including:- <ul style="list-style-type: none"> ○ Standing Order relating to Contracts ○ Financial Regulations ○ Scheme of Delegation
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Procedures for evidencing the organisation's powers/ authorities to counterparties	<p>The Council's Financial Regulations contain evidence of the power/ authority to act as required by section 151 of the Local Government Act 1972, under the general direction of the Audit Committee.</p> <p>The Council will confirm, if requested to do so by counterparties, the powers and authorities under which the Council effects transactions with them.</p> <p>Where required, the Council will also establish the powers of those with whom they enter into transactions, including any compliance requirements in respect of a duty of care and best practice.</p>
Required information from counterparties concerning their powers/ authorities	<p>Investments shall only be made with institutions on the Council's authorised lending list or in securities which meet the Council's approved credit criteria.</p> <p>The Council will only undertake borrowing from approved sources listed in TMP 4.</p>
Statement on political risks and management of the same	<p>Political risk is managed by:</p> <ul style="list-style-type: none"> • adoption of the CIPFA Treasury Management Code of Practice • adherence to Corporate Governance (<u>TMP 12 – Corporate Governance</u>) • adherence to the Statement of Professional Practice by the Section 151 Officer • the roles of the Audit Committee.

1.9 Fraud, Error and Corruption, and Contingency Management: This is the risk that the Council fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings, and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends. It includes the area of risk referred to as operational risk.

1.9.1 Principle: *The Council will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.*

1.9.2 Schedule:

<p>Details of systems and procedures to be followed, including Internet services</p>	<p>Segregation of duties minimises the possibility of fraud and loss due to error, and is detailed in TMP5 Organisation, clarity and segregation of responsibilities, and dealing arrangements.</p> <p>1. <u>Electronic Banking and Dealing</u></p> <p>(a) <u>Banking</u>: The Council's online banking service provided by Barclays is subject to separate log-on and password control allowing varying levels of access. Details of transactions and balances are available as required, and the system also holds historic data. Officers having access to the bank's online system are as follows:</p> <ul style="list-style-type: none"> • Within the Treasury Management Department <ul style="list-style-type: none"> ○ Lead Accountant ○ Senior Technical Officers ○ Technical Officers <p>Officer access is reviewed at least 6 monthly or as necessary.</p> <p>(b) Access to the Council's <u>treasury management system</u>, Logotech is limited to those officers listed below, each having a separate log-on and password.</p> <ul style="list-style-type: none"> • Within the Treasury Management Department <ul style="list-style-type: none"> ○ Senior Technical Officers ○ Technical Officers <p>These also are reviewed at least 6 monthly or as necessary.</p> <p>(c) <i>Access and use of the onlince ICD Portal, for our Money Market Funds, is listed below:</i></p> <ul style="list-style-type: none"> • For Fund Selection <ul style="list-style-type: none"> ○ Head of Finance Operations ○ Treasury Management Lead Accountant ○ Senior Financial Analyst • For Trading, the following members of the Treasury Management team <ul style="list-style-type: none"> ○ Senior Technical Officers ○ Technical Officers <p>Full procedure notes covering the day to day operation of the on-line banking system and the treasury management system are documented.</p> <p>2. <u>Standard Settlement Instructions (SSI)</u> list : a list is maintained of named officers who have the authority to transact loans and investments</p> <ul style="list-style-type: none"> • Brokers and counterparties with whom the Council deals direct are provided a copy of the SSI list. • A list of named officers with authority to borrow from the PWLB and invest with the Debt Management Agency Deposit Facility is also maintained with the PWLB/DMAADF. • <u>Payment Authorisation</u>: • Payments can only be authorised by an agreed cheque signatory(ies) of the Council, the list of signatories having previously been agreed with the Council's bank. • Inflow and outflow of monies borrowed and invested will only be from the counterparty's bank accounts. • Separate officers will carry out (a) dealing and (b) recording of transactions and disbursements.
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Verification	<p>Loans and investments will be maintained in treasury management system which will include fees and brokerage paid.</p> <p>Transactions will be cross-checked against broker notes, counterparty confirmations and PWLB loan schedules by verifying dates, amounts, interest rates, maturity, interest payment dates etc.</p> <p>When receiving requests for change of payment details, due care will be exercised to ascertain the bona fide of the request and avoid potential fraud. Additional checks will be made through pre-existing contact details for the payee before altering payment details.</p>
Substantiation	<ol style="list-style-type: none"> 1. The Treasury Management system balances are reconciled with financial ledger codes at the end of each quarter and at the financial year end. 2. Working papers are retained for audit inspection. 3. The bank reconciliation is carried out monthly from the bank statement to Civica.
Internal Audit	<p>Internal Audit carry out an annual regulatory review of the treasury management function including probity testing. See <u>TMP7 Budgeting, accounting and audit arrangements</u>.</p>
Contingency Management	<ol style="list-style-type: none"> 1. All treasury systems are retained on the Council's network. Daily back-ups are taken and maintained and network back-ups can be used by the service provider, DELT, to restore files, if necessary. 2. Temporary off-site working facility: The officers who can avail of this facility following an emergency are The Treasury Management Officers who will individually be made aware of the procedures to follow. 3. Electronic Banking System Failure: The Council's bank including the mode of obtaining balance details and information on inflow/outflow of monies and instructions for CHAPS payments can be made over the phone. Hard copies of contact details and account numbers are held onsite, and work mobile phones will be made available. 4. A Disaster Recovery Policy is held by Plymouth City Council.
Insurance Cover details	<p>The Council has Fidelity Guarantee cover. Details of the provider and cover are held by the Corporate Risk and Insurance Team.</p>

1.10 Market Risk Management: This is the risk that, through adverse market fluctuations in the value of the principal sums the Council borrows and invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately.

1.10.1 Principle: *This Council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.*

1.10.2 Schedule:

<p>Details of approved procedures and limits for controlling exposure to investments whose capital value may fluctuate (gilts, CDs etc)</p>	<p>Investment instruments used by the external fund managers are subject to fluctuation in capital movements and exposed to interest rate risk. In order to minimise these risks capital preservation is set as the primary objective and pursuit of investment performance should be commensurate with this objective.</p> <p>Additionally the following risk control guidelines are set for each fund as part of the fund management agreement to control market risk:</p> <ul style="list-style-type: none"> (a) Maximum weighted average duration of the fund; (b) Maximum permitted exposure to gilts/bonds; (c) Maximum maturity of any instrument. <p>Pooled Funds with a Variable Net Asset Value (VNAV) – The Council currently uses the Payden Sterling Reserve Fund. The council may consider other VNAV funds, as appropriate, in line with its TMSS and on advice from its treasury advisors.</p>
<p>Accounting for unrealised gains/losses</p>	<p>The method of accounting for unrealised gains or losses on the valuation of financial assets will comply with the Accounting Code of Practice.</p> <p>VNAV pooled funds will be treated as Available for Sale Assets. Segregated fund with external managers will be treated as Fair Value through Profit or Loss.</p>

2. TMP 2: PERFORMANCE MEASUREMENT

2.1 **Principle:** *The Council is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its treasury management policy statement.*

Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the Council’s stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, or the availability of fiscal or other grant or subsidy incentives, and of the scope for other potential improvements. The performance of the treasury management function will be measured using the criteria set out below.

2.2 Schedule:

<p>Policy concerning methods for testing value for money</p>	<p>Best value reviews will include the production of plans to review the way services are provided by</p> <ul style="list-style-type: none"> ▪ Challenging ▪ Comparing performance ▪ Consulting with other users and interested parties ▪ Applying competition principles <p>in order to pursue continuous improvement in the way the Council’s functions are exercised, having regard to a combination of value for money, efficiency and effectiveness.</p>
<p>Policy concerning methods for performance measurement</p>	<ul style="list-style-type: none"> • Performance measurement at this Council is intended to calculate the effectiveness of treasury activity in delivering the strategic objectives set through the Treasury Management Strategy and the Council’s Prudential Indicators and to enhance accountability. • Prudential Indicators are local to the Council and are not intended as a comparator between authorities. • The performance review will be made in the light of general trends in interest rates during the year and how the decisions made corresponded with these trends and the Council’s agreed strategy, i.e. the Council will avoid hindsight analysis. <p>Any comparison of the Council’s treasury portfolio against recognised industry standards, market indices and other portfolios is intended to</p> <ul style="list-style-type: none"> (i) allow the Council the opportunity to assess the potential to add value through changes to the existing ways in which its portfolio is managed and (ii) permit an informed judgement about the merits or otherwise of using new treasury management techniques or instruments. <p>In drawing any conclusions the Council will bear in mind that the characteristics of its treasury operations may differ from those of other councils, particularly with regard to the position on risk.</p>

<p>Methodology to be applied for evaluating the impact of treasury management decisions</p>	<p>Monitoring of the outcome of treasury management activity against Prudential Indicators approved by the Council will be carried out as part of the budget monitoring reports to the Treasury Management Meetings throughout the year.</p> <p>The year-end Annual Treasury Report will also include, as a matter of course, the outturn against the PIs set prior to the commencement of the financial year and any in-year amendments.</p> <p>The Council is a member of CIPFA Treasury Management benchmarking club. The club enables comparison of performance with other authorities for its investments. Data is provided by the Council quarterly for comparison.</p> <p>The Council’s Treasury Management advisers review the existing debt quarterly and all transactions that have occurred in the interim in order to ensure that best practice has been achieved.</p> <p>Performance is also compared with funds managed on a similar basis in the local authority fund manager peer group.</p>
<p>Methodology to be employed for measuring the performance of the Council’s treasury management activities</p>	<p>Treasury management activity is reviewed quarterly against strategy and prevailing economic and market conditions through the treasury monitoring report to Strategic Treasury Board.</p> <p>The report will include:</p> <ul style="list-style-type: none"> a) Total debt including average rate and maturity profile b) The effect of new borrowing and/or maturities on the above c) The effect of any debt restructuring on the debt portfolio d) An analysis of any risks inherent within the debt portfolio (e.g. exposure to variable rate; LOBOs in their call period) e) Total investments including average rate, credit and maturity profile f) The effect of new investments/redemptions/maturities on the above g) The rate of return on investments against their indices for internally and externally managed funds h) An analysis of any risks inherent within the investment portfolio (e.g. exposure to market movements in the value of CDs, gilts/bonds, callable deposits in their call period) i) A statement whether the treasury management activity resulted in a breach of the Prudential Indicators and other limits set within treasury strategy. j) Daily bank balances: any major deviations from the target bank balances

<p>Benchmarks and calculation methodology with regard to risk and return</p>	<p>Treasury Management Costs – Costs are split into Debt Management, Investment Management and Other. Investment Management is then shown as cost per £m invested, and Debt Management Costs per £m value of debt.</p> <p>Investment returns are compared to 7-day LIBID.</p> <ul style="list-style-type: none"> • Internally Managed Investment Returns - total interest accruing during the month or year on average daily balances invested during the calendar month. • Externally Managed Investment Returns - the growth (i.e. increase in value of the fund) in respect of the monthly average value of the fund. <p>Debt Management</p> <ul style="list-style-type: none"> ▪ Average Rate on all external debt ▪ Average Rate on external debt borrowed in financial year ▪ Average Rate on internal borrowing ▪ Average period to maturity of external debt ▪ Average period to maturity of new loans in financial year ▪ Ratio of PWLB and market debt (beginning and end of period) ▪ Ratio of fixed and variable rate debt (beginning and end of period)
<p>Best value</p>	<p>The treasury management function will be the subject of ongoing analysis of the value it adds in support of the Council's stated corporate and service objectives.</p> <p>When tendering for treasury-related or banking services, the Council adheres to its Financial Regulations. These require that :</p> <ol style="list-style-type: none"> a) For placing a contract with a value below £100k, at least 3 quotes are required, for contracts between £100k - £150k 5 quotes are required. Above this a formal tender is required. b) When placing a contract with a value in excess of £172.5k, a tendering process that meets the requirements of the EU procurement procedures (OJEU) is undertaken. c) If necessary, the Council will also consult with other users of similar services as well as with interested parties. d) The Council will also evaluate alternative methods of the availability of fiscal, grant or subsidy initiatives, and service delivery.

3. TMP 3: DECISION-MAKING AND ANALYSIS

3.1 **Principle:** *The Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issued relevant to those decisions were taken into account at the time. The issues to be addressed and processes and practices to be pursued in reaching decisions are detailed below.*

3.2 Schedule:

<p>Major treasury decisions</p>	<p>As a public service organisation, there is a requirement to demonstrate openness and accountability in treasury management activities. Accordingly, the Council will create and maintain an audit trail of major treasury management decisions which comprise either:</p> <ul style="list-style-type: none"> a) Changes to Prudential Indicator(s) during the course of the financial year b) Options Appraisal to determine a funding decision c) raising a new long-term loan / long-term source of finance d) prematurely restructuring/redeeming an existing long-term loan(s) d) investing longer-term (i.e. in excess of 1 year) f) utilisation of investment instruments which constitute capital expenditure (i.e. loan capital/share capital in a body corporate) g) leasing h) change in banking arrangements i) appointing/replacing a treasury advisor j) appointing/replacing a fund manager
<p>Process</p>	<p>The Council's strategy for the application of its treasury policy is set out in the annual Treasury Management Strategy.</p> <p>Based on the Annual Treasury Management Strategy, the Treasury Management Lead Accountant will prepare monthly for the ensuing 12 months rolling forecasts of the financing, borrowing and surplus cash requirements of the Council, for the purpose of:</p> <ul style="list-style-type: none"> • applying the strategy on a day to day basis • monitoring the results of the strategy • recommending amendments to the strategy to the Council where applicable during the course of the year.
<p>Delegated powers for treasury management</p>	<p>The Section 151 Officer has delegated powers to carry out the Council's strategy for debt management, capital finance and borrowing, depositing surplus funds and managing the cash flows of the Council.</p>

<p>Issues to be addressed, evaluation, authorisation</p>	<p>In exercising these powers, the Section 151 Officer and those to whom the treasury activity have been delegated will</p> <ul style="list-style-type: none"> • have regard to the nature and extent of any associated risks to which the Council may become exposed; • be certain about the legality of the decision reached and that the necessary authority to proceed has been obtained; • be satisfied that the documentation is adequate to deliver the Council’s objectives, protect the Council’s interests, and to maintain an effective audit trail; • ensure that the perceived credit risk associated with the approved counterparties parties is judged satisfactory and is within agreed limits; • be satisfied that the terms of any transactions have been fully checked against the market, and have been found to be competitive; • follow best practice in implementing the treasury transaction. <p>In exercising Borrowing and Funding decisions, the Section 151 Officer will:</p> <ul style="list-style-type: none"> • evaluate economic and market factors that may influence the manner and timing of any decision to fund; • consider alternative forms of funding, including use of revenue resources, leasing and private partnerships; • consider the use of internal resources and/or the most appropriate periods to fund and repayment profiles to use; • consider ongoing revenue liabilities created; • where applicable, monitor regularly the benefits of internal borrowing against the potential for incurring additional costs by deferring borrowing into future years <p>In exercising Investment decisions, the Section 151 Officer will:</p> <ul style="list-style-type: none"> • Determine that the investment is within the Council’s strategy and pre-determined instruments and criteria; • consider the optimum period, in the light of core balances and reserves, cash flow availability and prevailing market conditions; • the credit risk associated with unsecured investments with banks and building societies • consider the alternative investment products and techniques available if appropriate.
<p>Processes to be followed</p>	<p>The processes to be followed will be in keeping with TMP 4: The Council’s Approved, Instruments, Methods and Techniques.</p>

<p>Evidence and records to be kept</p>	<p>The Council will maintain a record of all major treasury management decisions, the processes undertaken and the rationale for reaching the decision made. These will allow for an historical assessment of decisions made and verification that any checks and safeguards are indeed in place and operating correctly.</p> <p>Records and working papers will be maintained by the Council electronically.</p>
<p>Other</p>	<p>The Council will maintain in its Operating Folder for the next 24 month period the call dates for all LOBOs. The Council's Treasury Strategy will also state the maximum exposure to LOBOs being called in that financial year.</p> <p>A LOBO is called; the new interest rate will be reviewed against other borrowing rates, and will be redeemed if necessary.</p>

4. TMP 4: APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

4.1 **Principle:** *The Council will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the schedule to this document, and within the limits and parameters defined in **TMPI Risk Management**.*

4.2 Schedule:

<p>Approved treasury management activities</p>	<p>The Council is permitted to undertake the following activities:</p> <ul style="list-style-type: none"> ▪ Managing cashflow ▪ Capital financing ▪ Borrowing including debt restructuring and debt repayment ▪ Lending including redemption of investments ▪ Banking ▪ Leasing ▪ Managing the underlying risk associated with the Council's capital financing and surplus funds activities. <p>The above list is not finite and the Council would, from time to time, consider and determine new financial instruments and treasury management techniques; however, the Council will consider carefully whether the officers have the skills and experience to identify and manage the advantages and risks associated with using the instruments/techniques before undertaking them, more so as some risks may not be wholly or immediately transparent.</p>
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<p>Approved capital financing methods and types/sources of funding</p>	<ul style="list-style-type: none"> • Public Works Loans Board (PWLB) or its successor's loans • long term money market loans including LOBOs • temporary money market loans (up to 364 days). • bank overdraft • loans from bodies such as the European Investment Bank (EIB) • Stock issues • Deferred Purchase • Government and EU Capital Grants • Lottery monies • Other Capital Grants and Contributions <ul style="list-style-type: none"> ▪ Private Finance Initiative ▪ Operating and finance leases ▪ Hire purchase ▪ Sale and leaseback <p><u>Internal Resources</u></p> <ul style="list-style-type: none"> • Capital Receipts • Revenue Balances • Use of Reserves <p><u>Approved sources of long-term and short-term borrowing include</u></p> <ul style="list-style-type: none"> • Public Works Loan Board (PWLB) and its successor body • Any institution approved for investments • Any other bank or building society authorised to operate in the UK • UK public and private sector pension funds (except PCC Pension Fund) • Local Capital Finance Company and other special purpose vehicles created to enable local authority bond issues <p>The level of debt will be consistent with the Treasury Management Strategy and the Prudential Indicators.</p>
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<p>Approved investment instruments</p>	<p>The Council will determine through its Annual Investment Strategy (AIS) which instruments it will use, giving priority to the security and liquidity (in that order) of its invested monies. The investments will be categorised as 'Specified' or 'Non Specified' based on the criteria set out by the ODPM (now CLG) in its Investment Guidance March 2004 (as amended).</p> <p>The Council will determine through the AIS which instruments will be used in-house and which will be used by the appointed external fund manager(s) including the maximum exposure for each category of non-specified investments. Where applicable, the Council's credit criteria will also apply.</p> <p><i>examples</i></p> <ul style="list-style-type: none"> ▪ Deposits with the UK government, the Debt Management Agency Deposit Facility (DMADF), and UK local authorities ▪ Term deposits with banks and building societies ▪ Certificates of deposit ▪ Callable deposits ▪ Investments in Money Market Funds , i.e. 'AAA' liquidity funds with a 60-day Weighted Average Maturity (WAM) ▪ Treasury Bills ▪ Gilts ▪ Bonds issued by multilateral development banks ▪ Sterling denominated bonds by non-UK sovereign governments ▪ Covered bonds (i.e. those with underlying collateral) ▪ Unsecured corporate bonds ▪ Reverse Repurchase Agreements ('reverse repos') ▪ Investments with Registered Providers of Social Housing (i.e. housing associations) ▪ Commercial paper ▪ Floating Rate Notes ▪ Pooled funds, i.e. Collective Investment schemes meeting the criteria in SI 2004 No 534 and subsequent amendments ▪ Pooled funds i.e. Collective Investment Schemes which do not meet the definition of Collective Investment Schemes in SI 2004 No 534 and subsequent amendments
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<p>Use of Derivatives</p>	<p>The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).</p> <p>As the Council is unlikely to use derivatives, it is a requirement of the CIPFA Code to clearly detail our policy on their in the annual treasury strategy.</p> <p>The Council will only use the following standalone financial derivatives: Swaps, forwards, futures and options as these can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to.</p> <p>Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk.</p> <p>Embedded derivatives will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.</p> <p>Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.</p> <p>The use of derivatives is restricted to only those officers who have completed the appropriate training for their use.</p>
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5. TMP 5: ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS

5.1 **Principle:** *The Council considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.*

The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

If and when the Council intends, as a result of lack of resources or other circumstances, to depart from these principles, the Section 151 Officer will ensure that the reasons are properly reported in accordance with TMP6 Reporting requirements and management information arrangements, and the implications properly considered and evaluated.

The Section 151 Officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The Section 151 Officer will also ensure that at all times those engaged in treasury management will follow the policies and procedures set out. The present arrangements are detailed in the schedule below.

The Section 151 Officer will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are detailed in the schedule below.

The delegations to the Section 151 Officer in respect of treasury management are set out in the schedule below. The Section 151 Officer will fulfil all such responsibilities in accordance with the organisation's policy statement and TMPs and, if a CIPFA member, the Standard of Professional Practice on Treasury Management.

5.2 Schedule:

See Appendix I for Organisation Charts

5.3 Schedule:

<p>Limits to responsibilities at Executive levels</p>	<p>Full Council:</p> <ul style="list-style-type: none"> • receiving and reviewing Prudential Indicators as part of the budget setting process (following receipt by Cabinet) • receiving and reviewing reports on treasury management policies, practices and activities (following receipt by Audit Committee) <p>The Cabinet:</p> <ul style="list-style-type: none"> • approval of amendments to adopted clauses, treasury management policy statement and treasury management practices • budget consideration and approval • receiving and reviewing external audit reports and acting on recommendations • approving the selection of external service providers and agreeing terms of appointment
<p>Principles and practices concerning segregation of duties</p>	<p>The segregation of duties will be determined by the Treasury Management Lead Accountant.</p> <p>Segregation of duties exists in that:</p> <ul style="list-style-type: none"> • the officers responsible for negotiating and closing treasury management deals are completely separate from the officer(s) with responsibility for recording the transactions in the cash book and completing cheque and bank reconciliations. • the officers responsible for negotiating and closing treasury management deals is separate from officers authorising payments • all borrowing/investments decisions must be authorised by the Section 151 officer or other nominated authorised officers (see below), depending on authorisation levels. <p>Additionally, The Council receives bank statements on a monthly basis. These are posted independent of the treasury function in order to maintain an adequate separation of duties.</p>

<p>Statement of duties/ responsibilities of each treasury post</p>	<p>The Section 151 Officer</p> <ul style="list-style-type: none"> • Submit budgets and budget variations in accordance with Financial Regulations and guidance. • Recommend clauses, treasury management policy / practices for approval, reviewing the same on a regular basis, and monitoring compliance • Determine Prudential Indicators and Treasury Management Strategy including the Annual Investment Strategy. • In setting the prudential indicators, be responsible for ensuring that all matters are taken into account and reported to the Council so as to ensure the Council's financial plans are affordable, prudent and sustainable in the long term. • Establish a measurement and reporting process that highlights significant variations from expectations. • Submit regular treasury management reports as required to the council/cabinet/audit committee. • Receiving and reviewing management information reports. • Review the performance of the treasury management function and promote best value reviews. • Ensure the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function. • Ensure the adequacy of internal audit, and liaising with external audit. • Recommend on appointment of external service providers in accordance with council standing orders. • Provide regular updates to relevant Cabinet Members. • The Section 151 Officer may delegate his power to borrow and invest to the Head of Corporate Strategy (Deputy S151 Officer), Lead Accountant Treasury Management & Capital and Lead Accountant Transformation & Change and relevant Senior Technical Accountants and Technical Accounting Officers as appropriate.
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Head of Corporate Strategy

- The responsibilities of this post will include covering the full responsibilities of the Section 151 Officer in their absence.
- Delegated authority to approve loans over 1 year and investments up to 10 years.
- Delegated authority to approve loan repayments/rescheduling.
- Submit budgets and budget variations in accordance with Financial Regulations and guidance.
- Establish a measurement and reporting process that highlights significant variations from expectations.

Capital Lead Accountant

- Prepare draft Treasury Management Policy, Treasury Management strategy and investment strategy, Annual Treasury Management report and Treasury Management Practices with input from the Lead Accountant (Transformation and Change)
- Recommend early repayment of debt over one year and subject to the approval of the Section 151 Officer, or the Head of Corporate Strategy arrange the repayment of these loans.
- Prepare budget for capital financing including all treasury management loan and investment activities including MTF.
- Submitting management information reports to the Treasury Management Board, Section 151 Officer and Head of Corporate Strategy.

Treasury Management Lead Accountant

- To provide cover in the absence of the Senior Technical Accounting Officer (Transformation & Change) and cover the full responsibilities of this post.
- Maintaining relationships with third parties and external service providers and reviewing their performance.
- Adherence to agreed policies and practices on a day-to-day basis.
- Identifying and recommending opportunities for improved practices.
- Authority to borrow for periods up to 1 year and lending up to 1 month. Lending in excess of 1 month subject to the agreement of the Treasury Management Board and/or the approval of the Section 151 Officer or head of Corporate Strategy.
- Following approval by the Section 151 Officer undertake all borrowing over 1 year and deposits/investments up to 10 year maturity.
- Make recommendations on all lending up to 10 years and borrowing over 1 year maturity.

Treasury Management Senior Technical Accounting Officer

- Carrying out the execution of transactions
- Monitoring performance on a day-to-day basis.
- Identifying and recommending opportunities for improved practices.
- Prepare and update, making recommendations for including counterparties on the Council's lending list following the advice of the Council's Treasury Management advisers.
- Maintaining the Council's cash flow forecast ensuring funds are available to meet the Council's financial commitments.

<p>Absence cover arrangements</p>	<p>Cover in the absence of the relevant treasury management officer is provided by (depending on authorisation levels):</p> <ul style="list-style-type: none"> • Head of Finance Operations, to provide cover in the absence of the Lead Accountant (Treasury Management) • Treasury Management Principle Technical Accountant, to provide cover in the absence of the Lead Accountant (Treasury Management) and the Senior Technical Accounting Officer (Treasury Management) • Senior Financial Analyst to provide cover for the Treasury Manager and Capital Lead Accountants. <p>Cover is reviewed at least every 12 months, or as necessary. Full procedure notes are available, detailing the processes required to enable the day to day operation of the treasury management function.</p>
<p>Description of the relationships between the chief finance officer, the monitoring officer and the head of paid service.</p>	<p>The Section 151 Officer (Chief Finance Officer) and the Head of Legal Services (Monitoring Officer), report into the Strategic Director for Transformation and Change, who in turn reports into the Chief Executive (Head of Paid Services).</p>

5.4 Dealing

<p>Authorised officers</p>	<p>Responsible officer for borrowing/investment decisions :</p> <p>Borrowing activity:</p> <ul style="list-style-type: none"> • Head of Corporate Strategy • Head of Finance Operations • Senior Finance Analyst • Treasury Management Lead Accountant • Place Lead Accountant <p>Lending activity:</p> <ul style="list-style-type: none"> • Head of Corporate Strategy • Head of Finance Operations • Senior Finance Analyst • Treasury Management Lead Accountant • Place Lead Accountant <p>Authorising payments for borrowing/lending</p> <ul style="list-style-type: none"> • Overnight; <ul style="list-style-type: none"> ○ Treasury Management Senior Technical Accountant ○ Treasury Management Technical Accounting Officer • Under 1 year <ul style="list-style-type: none"> ○ Treasury Management Lead Accountant • Over 1 year <ul style="list-style-type: none"> ○ Head of Corporate Strategy ○ Head of Finance Operations <p>Transaction recording:</p> <ul style="list-style-type: none"> • Treasury Management Senior Technical Accountant • Treasury Management Technical Accounting Officer
<p>Dealing limits</p>	<p>Internally Managed Investments:</p> <ul style="list-style-type: none"> • Deposits up to 1 month with unlimited value with the Debt Management Office or £10m with an approved Local Authority or £20m with an approved bank or building society subject to the limits detailed in the Council's Annual Investment strategy and the approved lending list.
<p>List of approved brokers</p>	<p>Brokers used by the Council are named in TMP 11: External Service Providers</p>
<p>Policy on brokers' services</p>	<p>It is the Council's policy to utilise the services between at least two brokers. The Council will maintain a spread of business between them in order to avoid relying on the services of any one broker.</p>
<p>Policy on taping of conversations</p>	<p>Conversations with brokers are taped by the brokers, but not by the Council.</p>

Direct dealing practices	<p>Direct dealing is carried out with institutions and with external pooled funds identified in the Operational Schedule subject to counterparty and maturity limits and dealing limits.</p> <p>Prior to undertaking direct dealing, the Council will ensure that each counterparty / fund has been provided with the Council's list of authorised dealers and the Council's Standard Settlement Procedures.</p> <p>The template for the Council's Standard Settlement Procedures is included in the Operational Schedule.</p>
Deal Ticket proforma	Deals will be recorded as per the deal ticket proforma (proforma maintained at operational level)
Settlement transmission procedures	<ul style="list-style-type: none"> • settlements are made by CHAPS. • all CHAPS payments relating to settlement transactions require authorisation by the Lead Accountants in Finance. • all CHAPS payments require 1 bank signatures • the details are transmitted online to the Council's bankers.
Documentation requirements	<p>For each deal undertaken a record should be prepared giving details of dealer, amount, period, counterparty, interest rate, dealing date, payments date(s), broker.</p> <p>Investments</p> <ul style="list-style-type: none"> • deal ticket authorising the investment • confirmation from the broker • confirmation from the counterparty • Contract notes for purchase and sale of shares/units in pooled funds from the fund's manager/administrator • Chaps payment transmission document <p>Loans:</p> <ul style="list-style-type: none"> • deal ticket with signature to agree loan • confirmation from the broker • confirmation from PWLB/market counterparty • Chaps payment transmission document for repayment of loan.
Arrangements concerning the management of counterparty funds	<ul style="list-style-type: none"> • The Treasury Management Lead Accountant has responsibility for updating the Council's records with any credit developments. • The Treasury Management Lead Accountant is tasked with the responsibility for checking that records have been correctly updated to reflect any credit developments.

6. TMP 6: REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

6.1 **Principle:** *The Council will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.*

As a minimum, the Council and Audit Committee will receive:

- *An annual report on the strategy and plan to be pursued in the coming year*
- *A mid-year review*
- *An annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation’s treasury management policy statement and TMPs.*

The Strategic Treasury Management Board will receive regular monitoring reports on treasury management activities and risks.

The audit committee will have responsibility for the scrutiny of treasury management policies and practices.

The present arrangements and the form of these reports are outlined below.

6.2 Schedule:

<p>Frequency of executive reporting requirements</p>	<p>The Section 151 Officer will annually submit budgets and will report on budget variations as appropriate.</p> <p>The Section 151 Officer will submit the Prudential Indicators and the Treasury Strategy Statement (including Annual Investment Strategy) and report on the projected borrowing and investment strategy and activity for the forthcoming financial year to the Council before the start of the year.</p> <p>The Annual Treasury Report will be prepared as soon as practicable after the financial year end and, in all cases, before the end of September.</p> <p>A Mid-Year Treasury Report will be prepared by the Section 151 Officer, which will report on treasury management activities for the first part of the financial year. The report will also provide a forecast for the current year. The Mid-Year Report will be submitted to Council during the year.</p>
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<p>Content of Reporting: I. Prudential Indicators</p>	<p>The Council will set the following Prudential Indicators, revise if necessary, and in its annual / semi-annual reports publish <input type="checkbox"/> actual outturn (where appropriate) in respect of:</p> <ul style="list-style-type: none"> ▪ Financing costs as a proportion of net revenue stream (estimate; actual) ▪ Capital expenditure (estimate; actual) ▪ Incremental impact of capital financing decisions (estimate) ▪ Capital Financing Requirement (estimates; actual) ▪ Authorised limit for external debt ▪ Operational boundary for external debt ▪ Actual external debt <p>Treasury indicators</p> <ul style="list-style-type: none"> ▪ Upper limits on fixed and variable rate interest exposures ▪ Upper and lower limits to maturity structure of fixed rate borrowing ▪ Upper limit to total of principal sums invested longer than 364 days. <p>The Prudential Indicators are approved and revised by Council and are integrated into the Council’s overall financial planning and budget process.</p> <p>The Audit Committee will also receive a copy of this report to carry out its scrutiny role of treasury management.</p>
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<p>2. Treasury Strategy Statement including the Annual Investment Strategy</p>	<p>The Treasury Strategy Statement integrates with the Prudential Indicators being set and will include the following:</p> <ul style="list-style-type: none"> • Link to Capital Financing and Treasury Management Prudential Indicators for the current and ensuing three years • Strategy for financing new borrowing requirements (if any) and refinancing maturing borrowing (if any) over the next three years and for restructuring of debt • the extent to which surplus funds are earmarked for short term requirements • the investment strategy for the forthcoming year(s) (see below*) • the minimum to be held in short term/specified investment during the coming year • the interest rate outlook against which the treasury activities are likely to be undertaken. <p>*Based on the ODPM's (now CLG's) Guidance on Investments, the Council will produce an Annual Investment Strategy (AIS) which sets out</p> <ul style="list-style-type: none"> ▪ the objectives, policies and strategy for managing its investments; ▪ the determination of which Specified and Non Specified Investments the Council will utilise during the forthcoming financial year(s) based on the Council's economic and investment outlook and the expected level of investment balances; ▪ the limits for the use of Non-Specified Investments. <p>The AIS will be integrated into the Treasury Strategy Statement.</p> <p>The audit committee will also receive a copy of this report to carry out its scrutiny role of treasury management.</p>
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<p>3. Annual Treasury Report</p>	<p>The Section 151 Officer will produce an annual report for the Audit Committee on all activities of the treasury management function (including the performance of fund managers) as soon as practicable after year end and in all cases no later than 30 September of the succeeding financial year.</p> <p>The main contents of the report will comprise:</p> <ul style="list-style-type: none"> ▪ confirmation that the Council calculated its budget requirements and set a balanced budget for the Financial Year; ▪ the prevailing economic environment ▪ a commentary on treasury operations for the year, including their revenue effects; ▪ commentary on the risk implications of treasury activities undertaken and the future impact on treasury activities of the Council ▪ compliance with agreed policies/practices and statutory/regulatory requirements ▪ compliance with Prudential Indicators; ▪ performance measures. <p>The audit committee will also receive a copy of this report to carry out its scrutiny role of treasury management.</p>
<p>4. Mid-Year Treasury Report</p>	<p>The Section 151 Officer will produce a mid-year report for Council on the borrowing and investment activities of the treasury management function (including performance of fund managers) for the first six months of the financial year.</p> <p>The main contents of the report will comprise:</p> <ul style="list-style-type: none"> • Economic background • Economic forecast (including interest rates forecast) • Treasury Management Strategy Statement update • Performance versus benchmarks • Borrowing information (including premature repayment, new loans information) • Information on investments, including current lending list • Prudential indicators relating to treasury management • Governance framework and scrutiny arrangements <p>The Audit Committee will also receive a copy of this report to carry out its scrutiny role of treasury management.</p>

<p>Content and frequency of management information reports</p>	<p>The Treasury Management Lead Accountant produces a quarterly monitoring report for the Strategic Treasury Management Board.</p> <p>This report includes details of:</p> <ul style="list-style-type: none">• borrowing and investment activity undertaken including forward deals• performance of internal and external investments against benchmark• cash flow monitoring• extent of compliance with the treasury strategy and reasons for variance (if any)• Prudential Indicator monitoring and compliance
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7. TMP 7: BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

7.1 **Principle:** *The Section 151 Officer will prepare, and the Council will approve and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with **TMPI Risk management, TMP2 Performance measurement, and TMP4 Approved instruments, methods and techniques.** The form which the Council’s budget will take is set out in the schedule below.*

*The Section 151 Officer will exercise effective controls over this budget, and will report upon and recommend any changes required in accordance with **TMP6 Reporting requirements and management information arrangements.***

The Council will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being. The present form of the Council’s accounts is set out in the schedule.

The Council will ensure that its auditors, and those charged with regulatory review, have access to all information and papers supporting the activities of the treasury management function as are necessary for the proper fulfilment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices. The information made available under present arrangements is detailed below.

7.2 Schedule:

<p>Statutory/regulatory requirements</p>	<p>Balanced Budget Requirement: The provisions of S32 and S43 of the Local Government Finance Act 1992 require this Council to calculate its budget requirement for each financial year including, among other aspects;</p> <ul style="list-style-type: none"> (a) the expenditure which is estimated to be incurred in the year in performing its functions and which will be charged to a revenue account and (b) revenue costs which flow from capital financing decisions. <p>S33 of the Act requires the Council to set a council tax sufficient to meet expenditure after taking into account other sources of income.</p>
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<p>Proper accounting practice</p>	<p>CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (the local authority SORP) constitutes "proper accounting practice under the terms of S21 (2) of the Local Government Act 2003".</p>
<p>Financial Statements</p>	<p>The Financial Statements comprise:</p> <ul style="list-style-type: none"> ▪ An explanatory foreword ▪ Accounting policies, changes in accounting estimates and errors ▪ Presentation of financial statements ▪ Movement in reserves statement ▪ Comprehensive income and expenditure statement ▪ Balance sheet ▪ Cash flow statement ▪ Housing revenue account ▪ Collection Fund (England) ▪ Statement of Responsibilities ▪ The Accounting Statements ▪ Additional Financial Statements (Housing Revenue Account, Collection Fund) ▪ Notes to the financial statements ▪ Statements reporting reviews of internal controls or internal financial controls ▪ Events after the reporting period ▪ Related party disclosures
<p>Format of the Council's accounts</p>	<p>The current form of the Council's accounts is available within the Finance Department.</p>
<p>Disclosures relating to treasury management</p>	<p>Due regard will be given to the disclosure requirements under CIPFA's Accounting Code of Practice.</p>

<p>Treasury-related information requirements of external auditors</p>	<p>The following information is specifically requested by the external auditor and should be considered an initial request for information. It is usually followed by more detailed audit testing work which often requires further information and/or explanations from the Council's officers.</p> <p>Information in this context includes internally generated documents including those from the Council's Treasury Management System, externally generated documents, observation of treasury management practices which support and explain the operation and activities of the treasury management function.</p> <ul style="list-style-type: none"> ▪ Determination of Affordable Borrowing Limit under Section 3 of the Local Government Act 2003. ▪ Prudential Indicators. ▪ Treasury Management Strategy including Annual Investment Strategy. <p><u>External borrowing:</u></p> <ul style="list-style-type: none"> • New loans borrowed during the year : PWLB certificates / documentation in relation to market loans borrowed (including copy of agreements, schedule of commitments) • Loan maturities. • Compliance with proper accounting practice, regulations and determinations for the amortisation of premiums and discounts arising on loans restructured during the year and previous years. • Analysis of loans outstanding at year end including maturity analysis. • Analysis of borrowing between long- and short-term • Debt management and financing costs <ul style="list-style-type: none"> ▪ calculation of (i) interest paid (ii) accrued interest ▪ interest paid • MRP calculation and analysis of movement in the CFR. • Bank overdraft position. • Brokerage/commissions/transaction related costs.
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	<p><u>Investments:</u></p> <ul style="list-style-type: none"> • Investment transactions during the year including any transaction-related costs • cash and bank balances at year end • Short-term investments at year end • Long-term investments at year end (including investments in associates and joint ventures) by asset type, including unrealised gains or losses at year end • calculation of (i) interest received (ii) accrued interest • actual interest received • External fund manager valuations including investment income schedule and movement in capital values, transaction confirmations received (if any) • Basis of valuation of investments • Evidence of existence and title to investments (e.g. Custodian's Reports. Schedule of any investments in companies together with their latest financial statements); statement of transactions between the company and the Council.
	<p><u>Cash Flow</u></p> <ul style="list-style-type: none"> ▪ Reconciliation of the movement in cash to the movement in net debt ▪ Cash inflows and outflows (in respect of long-term financing) ▪ Cash inflows and outflows (in respect of purchase/sale of long-term investments) ▪ Net increase/decrease in (i) short-term loans (ii) short-term deposits (iii) other liquid resources <p><u>Other</u></p> <ul style="list-style-type: none"> ▪ Amounts which are held on behalf of schools, amounts which are held by schools under delegated schemes ▪ Details of (treasury-related) material events after balance sheet date not reflected in the financial statements. ▪ External advisors'/consultants' charges
<p>Internal Audit</p>	<p>Internal Audit conducts a review of the treasury management function and probity testing, as per their annual plan. The internal auditors will be given access to treasury management information/documentation as required by them.</p>

Compliance with CIPFA Treasury Management and Prudential Codes	Auditors may require evidence/demonstration of compliance with external and internal treasury management policies and strategy. Any serious breach of the TM Code's recommendations or Prudential Indicators should be brought to the attention of the external auditor.
Costs for treasury management	The budget for treasury management forms part of the Corporate Items budget.

8. TMP 8: CASH AND CASH FLOW MANAGEMENT

8.1 **Principle:** *Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the Council will be under the control of the Section 151 Officer and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the Section 151 Officer will ensure that these are adequate for the purposes of monitoring compliance with **TMPI [2] liquidity risk management**. The present arrangements for preparing cash flow projections and their form are set out in the schedule below.*

8.2 Schedule:

<p>Arrangements for preparing /submitting cash flow statements</p>	<p>Cash flow forecasts will be viewed over one time horizons and will be used to formulate the Council’s borrowing and investment strategy by identifying periods of surplus or shortfall of cash balances.</p> <p>The cash flow forecasts and statements are held at operational level.</p> <p>The accuracy and effectiveness of the Council’s cash flows are dependent on the accuracy of estimating expenditure, income and their corresponding time periods.</p> <p>An outline medium-term cash flow model is prepared as part of the budget process, with projections for 3 further years. It is highly summarised and looks mainly at cash flows arising from the capital programme, the in-year capital financing requirement, scheduled loan repayments and long-term investment maturities, and anticipated movements in reserves.</p> <p>A detailed annual cash flow is prepared for the financial year once the budget for the ensuing year has been agreed, which is monitored and updated on a monthly basis. It identifies the major inflows and outflows on a month by month basis. It is prepared using the agreed revenue budget and capital programme for the financial year and based on the knowledge obtained from the Council’s various service sections incurring the expenditure /receiving the income and can be supplemented by the experience from previous years.</p> <p>Daily cash flows show forecast and planned movements of cash on a daily basis, including the matching of known inflows and payments. This is recorded in the excel cashflow document.</p>
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<p>Content and frequency of cash flow projections</p>	<p>The detailed annual cash flow model includes the following:</p> <ul style="list-style-type: none"> • revenue income and expenditure based on the budget. • profiled capital income and expenditure as per the capital programme. <p>Revenue activities:</p> <p><u>Inflows:</u></p> <ul style="list-style-type: none"> ▪ Revenue Support Grant ▪ Precepts received ▪ Non domestic rates receipts ▪ NNDR receipts from national pool ▪ Council tax receipts ▪ DSS / other government grants ▪ Cash for goods and services ▪ Other operating cash receipts <p><u>Outflows:</u></p> <ul style="list-style-type: none"> ▪ Salaries and payments on behalf of employees ▪ Operating cash payments ▪ Housing Benefit paid ▪ Precepts paid ▪ NNDR payments to national pool ▪ Payments to the capital receipts pool <p>Capital activities including financing</p> <p><u>Inflows:</u></p> <ul style="list-style-type: none"> ▪ Capital grants received ▪ Sale of fixed assets ▪ Other capital cash receipts <p><u>Outflows:</u></p> <ul style="list-style-type: none"> ▪ Purchase of fixed assets ▪ Purchase of long-term investments ▪ Other capital cash payments <p>Financing, Servicing of Finance/Returns on Investments</p> <p><u>Inflows:</u></p> <ul style="list-style-type: none"> ▪ New long-term loans raised ▪ New short-term loans raised ▪ Interest received ▪ Discount on premature repayment of loan <p><u>Outflows:</u></p> <ul style="list-style-type: none"> ▪ Loan repayments ▪ Premia on premature repayment of loan ▪ Short-term investments ▪ Capital element of finance lease rental payments ▪ Interest paid ▪ Interest element of finance lease rental payments
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<p>Monitoring, frequency of cash flow updates</p>	<p>The annual cash flow statement is updated monthly with the actual cash inflows and outflows after taking account of any revisions including those relating to grant income and capital expenditure and will be reconciled with:</p> <ul style="list-style-type: none"> • net RSG and NNDR payments as notified; • actual salaries and other employee costs paid from account bank statements; • actual payments to Inland Revenue from general account bank statements; • actual council tax received; • actual housing benefit; • actual capital programme expenditure and receipts.
<p>Bank statements procedures</p>	<p>The Council receives bank statements on a monthly basis. These are posted independent of the treasury function and are reconciled to the general ledger on a monthly basis.</p>
<p>Payment scheduling</p>	<p>The Council has a policy of paying suppliers in line with agreed terms of trade and the following service standards:</p> <ul style="list-style-type: none"> • Small and medium enterprises (SME's – business employing up to 250 people) to be paid within 15 days of receipt of invoice. • All other creditors to be paid within 30 days of receipt of invoice.
<p>Monitoring debtor/ creditor levels</p>	<p>Debtor levels are monitored by a monthly Sundry Debtors Monitoring Report to the Treasury Management Technical Accounting Officer which will include an analysis of debt by age and details and details of recovery status.</p> <p>The level of Creditor invoices being processed / remaining unpaid is monitored on a daily basis by the Transaction Centre. A daily report is produced that details all BACS and cheque payments for the next 1 day in advance and recorded in the cashflow spreadsheet.</p>
<p>Banking of funds</p>	<p>Instructions for the banking of income are set out in the Financial Regulations. Cash and cheques received in the cashiers section are banked weekly.</p> <p>All the Council's sections are advised of the requirement to bank on a regular basis in order to comply with recommended best practice and also remain within the particular insurance limits for the Council's premises.</p>

<p>Listing of sources of information</p>	<p>The treasury function receives cash flow information from the following persons/departments:</p> <table border="1" data-bbox="493 304 1339 535"> <thead> <tr> <th data-bbox="497 304 916 338">Type of Information</th> <th data-bbox="920 304 1334 338">Source</th> </tr> </thead> <tbody> <tr> <td data-bbox="497 344 916 378">Capital Spend and Receipts</td> <td data-bbox="920 344 1334 378">Capital Accounting Team</td> </tr> <tr> <td data-bbox="497 385 916 418">Government Grants</td> <td data-bbox="920 385 1334 418">Logasnet</td> </tr> <tr> <td data-bbox="497 425 916 459">Payroll</td> <td data-bbox="920 425 1334 459">HR payroll department</td> </tr> <tr> <td data-bbox="497 465 916 499">Debtors and Creditors</td> <td data-bbox="920 465 1334 499">Transaction Centre</td> </tr> <tr> <td data-bbox="497 506 916 539">Loans and Deposits</td> <td data-bbox="920 506 1334 539">Treasury Management Team</td> </tr> </tbody> </table>	Type of Information	Source	Capital Spend and Receipts	Capital Accounting Team	Government Grants	Logasnet	Payroll	HR payroll department	Debtors and Creditors	Transaction Centre	Loans and Deposits	Treasury Management Team
Type of Information	Source												
Capital Spend and Receipts	Capital Accounting Team												
Government Grants	Logasnet												
Payroll	HR payroll department												
Debtors and Creditors	Transaction Centre												
Loans and Deposits	Treasury Management Team												
<p>Practices concerning prepayments to obtain benefits</p>	<p>The following practices concerning prepayments are followed to obtain benefits:</p> <p>All prepayments must be authorised by the approved signatory in the respective department.</p>												

9. TMP 9: MONEY LAUNDERING

9.1 **Background:** The Proceeds of Crime Act (POCA) 2002 consolidated, updated and reformed criminal law in the UK in relation to money laundering. The principal offences relating to money laundering are:

- Concealing, disguising, converting, transferring or removing criminal property from England and Wales, from Scotland or from Northern Ireland
- Being concerned in an arrangement which a person knows or suspects facilitates the acquisition, retention use or control of criminal property
- Acquiring, using or possessing criminal property.

Other offences include failure to disclose money laundering offences, tipping off a suspect either directly or indirectly, and doing something that might prejudice an investigation.

Organisations pursuing relevant businesses were required to appoint a nominated officer and implement internal reporting procedures; train relevant staff in the subject; establish internal procedures with respect to money laundering; obtain, verify and maintain evidence and records of the identity of new clients and transactions undertaken and report their suspicions.

In December 2007, the UK Government published the Money Laundering Regulations 2007, which replaced the 2003 Regulations.

CIPFA believes that public sector organisations should “embrace the underlying principles behind the money laundering legislation and regulations and put in place anti money laundering policies, procedures and reporting arrangements appropriate and proportionate to their activities”.

9.2 **Principle:** *The Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff members involved in this are properly trained. The present arrangements, including the name of the officer to whom reports should be made, are detailed in the schedule below.*

9.3 Schedule:

<p>Anti money laundering policy</p>	<p>This Council’s policy is to prevent, wherever possible, the organisation and its staff being exposed to money laundering, to identify the potential areas where it may occur and to comply with all legal and regulatory requirements, especially with regard to the reporting of actual or suspected cases.</p> <p>The Council has accepted responsibility to ensure that those of its staff who are most likely to be exposed to money laundering can make themselves fully aware of the law and, where necessary, are suitably trained.</p>
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Treasury documentation	<p>The Authority will reflect the anti-laundering measures it has in place as part of its treasury documentation. Such measures include:</p> <ul style="list-style-type: none"> – Awareness of what constitutes money laundering; – The obligation to report knowledge of/having reasonable grounds to believe an offence might be committed; – Maintaining up-to-date direct dealing and SSI mandates with counterparties
Nomination of Responsible Officer(s)	<p>(a) The Council has nominated the Section 151 Officer to be the responsible officer(s) to whom any suspicions relating to transactions involving the Council will be communicated.</p> <p>(b) The responsible officer(s) will be conversant with the requirements of the Proceeds of Crime Act 2002 and will ensure relevant staff are appropriately trained and informed so they are alert for suspicious transactions.</p> <p>(c) The responsible officer(s) will make arrangements to receive and manage the concerns of staff about money laundering and their suspicion of it, to make internal enquiries and to make reports, where necessary, to National Criminal Intelligence Services (NCIS).</p>

<p>Procedures for establishing the Identity of Lenders and Borrowers</p>	<ul style="list-style-type: none"> (a) In the course of its treasury activities, the Council will only borrow from permitted sources identified in TMP 4. (b) The Council will not accept loans from individuals. (c) In the course of its treasury activities, the Council will only invest with those counterparties which are on its approved lending list. (d) The identity and authenticity of commercial institutions (banks, building societies and other financial institutions) authorised to carry out borrowing and lending activity in the UK will be checked via the Bank of England/ Prudential Regulation Authority's website. (e) All receipts/disbursements of funds will be undertaken by BACS or CHAPS settlement. (f) Direct Dealing mandates: The Council will provide (in the case of lending) / obtain (in the case of borrowing) and maintain on file dealing mandates with any new money market counterparty. The mandates should be on letter-headed paper, dated and signed. (g) All banking transactions will only be undertaken by the personnel authorised to operate the Council's banks accounts. (h) If the Authority takes/provides loans from individuals, it will establish robust procedures for verifying and recording the appropriate financial and personal information of such individuals. (i) When receiving requests for change of payment details, due care will be exercised to ascertain the bona fide of the request and avoid potential fraud. Additional checks will be made through pre-existing contact details for the payee before altering payment details.
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10. TMP 10: TRAINING AND QUALIFICATIONS

10.1 **Principle:** *The Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The Section 151 Officer will recommend and implement the necessary arrangements.*

The Section 151 Officer will ensure that council members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and responsibilities.

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

The present arrangements are detailed in the schedule below.

10.2 Schedule:

Qualifications/ experience for treasury staff	To be qualified or training towards qualification of one of the accepted accountancy bodies, i.e. CIPFA, ACA, ACCA, CIMA. Attend treasury training as provided by our Treasury Advisors.
Details of approved training courses	The courses/events the Council would expect its treasury personnel to consider are: <ul style="list-style-type: none"> ▪ Certificate in International Treasury Management – Public Finance ▪ Training courses for Accounting, Auditing, Best Value/Competition, Budgeting, Capital Finance & Borrowing, Financial Management run by CIPFA and IPF ▪ Any courses/seminars run by Treasury Management Consultants. ▪ Attending CIPFA Conference ▪ Training attended by those responsible for scrutiny of the treasury function <p>The Council participates in a CIPFA Employer Accreditation Scheme for CPD purposes which is based on planning, recording and evaluating development. Employees are required to register with the scheme and declare participation in the CPD scheme annually.</p>
Records of training received by treasury staff	Treasury-related training records are maintained.
Records of training received by those charged with governance	Training records are maintained of those people/committees responsible for governance of treasury management.

11. TMP 11: USE OF EXTERNAL SERVICE PROVIDERS

11.1 **Principle:** *The Council recognises that responsibility for the treasury management decisions remains with the organisation at all times. It recognises the potential value of employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which will have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review. And it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid over reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rests with the Section 151 Officer, and details of the current arrangements are set out in the schedule below.*

11.2 Schedule:

Contract threshold	The Council's Financial Regulations require that a formal contract is in place with external service providers where the contract value is £200k and above. The contract will clearly state the services to be provided and the terms on which they will be provided.
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<p>Details of service providers and procedures and frequency for tendering services</p>	<p>(a) Bankers to the Council: Barclays Bank, 140-146 Armada Way, Plymouth, PL1 1LA. Tel: 0345 7 345 345 Contract period: Commenced 1st April 2014</p> <p>(b) Treasury advisor Arlingclose Limited, 60 Moorgate, London, EC2R 6EL. Tel: 08448 808 200 Contract period: Commenced 1st January 2015</p> <p>(c) External Fund Manager King & Shaxson, 6th Floor, Candlewick House, 120 Cannon Street, London, EC4N 6AS</p> <p>(d) Brokers: It is considered good practice for the Council to have at least two brokers and to spread business between them. Tullett Prebon Limited, Level 3, 155 Bishopsgate, London, EC2M 3TQ. Tel: 020 7200 7000</p> <p>Tradition (UK), Beaufort House, 15 St. Botolph Street, London, EC3A 7QX. Tel: 020 7198 1500</p> <p>London Currency Brokers, LCB House, 8A The Broadway, Pitsca, Essex, SS13 3AY.</p> <p>Martin Brokers (UK) Plc, One Churchikk Place, Canary Wharf, London, E14 5RD. Tel: 020 7469 9000</p> <p>Sterling International Brokers Limited One Churchill Place, 18th Floor, London, EC4 5RD. Tel: 020 7962 9960</p>
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<p>Regulatory status of services provided</p>	<p>The Council’s external service providers are listed below, along with their regulatory status:</p> <p>All financial services providers are regulated by the Financial Services authority (FSA).</p>
<p>Details of service provided by Treasury Advisor</p>	<p>The Council will seek to take expert advice on interest rate forecasts, annual treasury management strategy, debt rescheduling and use of various borrowing and investment instruments.</p>
<p>Bribery Act</p>	<p>The Council is mindful of the requirements of the Bribery Act 2011 in its dealings with external providers</p>

12. TMP 12: CORPORATE GOVERNANCE

12.1 *Principle: The Council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.*

The Council has adopted and has implemented the key recommendations of the Treasury Management Code of Practice (Revised 2009). This, together with the other arrangements detailed in the schedule below, are considered vital to the achievement of proper corporate governance in treasury management, and the Section 151 Officer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

12.2 Schedule:

Stewardship responsibilities	The S151 Officer ensures that systems exist to deliver proper financial administration and control and maintaining a framework for overseeing and reviewing the treasury management function.
List of documents to be made available for public inspection.	The following documents are freely available for public inspection: <ul style="list-style-type: none"> ▪ Annual Statement of Accounts ▪ Budget Book ▪ 4 Year Capital Plan ▪ Treasury Management Policy ▪ Treasury Management Strategy ▪ Budget Monitoring Reports ▪ Annual Treasury Report
Council's website.	Financial information is additionally available on the Council's website.
Procedures for consultation with stakeholders.	Members and senior officers of the Council are consulted via reports to the Audit Committee and officer/member briefing sessions.

Appendix I

Organisation Chart for Treasury Management

