

# Public Document Pack

Daneshill House  
Danestrete  
Stevenage  
Hertfordshire

7 July 2020

Dear Sir/Madam

Notice is hereby given that a meeting of the Stevenage Borough Council will be held virtually (via Zoom) on Wednesday, 15 July 2020 at 7.00pm and you are summoned to attend to transact the following business.

Yours faithfully

Matthew Partridge  
Chief Executive

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## AGENDA

**1. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

**2. MINUTES - 20 MAY 2020**

To approve as a correct record the Minutes of the Annual Meeting of the Council held on 20 May 2020.

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**3. MAYOR'S COMMUNICATIONS**

To receive any communications that the Mayor may wish to put before Council

**4. MAIN DEBATE**

There is no Main Debate.

**5. PETITIONS AND DEPUTATIONS**

None.

**6. QUESTIONS FROM THE YOUTH COUNCIL**

In accordance with Standing Orders, written responses to the following questions will be tabled at the Council meeting.

- (A) "Are there any environmental projects planned which Stevenage Youth Council could be involved with?"

- (B) “As a Youth Council we have been having discussions around the Black Lives Matter movement, and we are interested to know if SBC is planning on running any projects on this and if we could be involved from a young person’s perspective?”

## 7. QUESTIONS FROM THE PUBLIC

In accordance with Standing Orders, written answers to these questions will be tabled at the Council meeting.

- (A) Question from Tina Walker

“Transport is responsible for about 27% of all emissions. We need to find innovative ways to reduce the reliance on motorised vehicles. With this in mind **Cycling UK Stevenage** have formed a group looking at the provision for cycling and active travel in the town and we would like to ask whether cycling permeability and accessibility is to be properly built into all developments including the Town Centre and Forster Country that links up to the existing network within Stevenage and linking up to route 12 towards Letchworth and beyond; whether in every new **planning** proposal will the existing network be protected, and in line with your declaration of a climate emergency, priority will be given to enhancing the network with Cycling UK Stevenage being consulted/involved at the planning stage?”

- (B) Question from Councillor Richard Briers

“Over time the priority that the cycleways had (and should remain) over crossing minor side roads has been eroded. We need to reclaim our routes for active travel. Will cyclist priorities be reinstated as a matter of urgency at existing junctions and incorporated in future planning decisions? This should not need planning to correct priority issues at existing junctions.

Examples: Costco development and most of the other junctions on Gunnels Wood Road.”

- (C) Question from Loyd Davies

“I understand that responsibility for the maintenance of the Stevenage cycle track surfaces rests with HCC but in many locations, it is the hedgerow and surface vegetation that narrows the cycle-track and causes a hazard. In some places the usable surface has been reduced by more than half. Cycling UK Stevenage riders are using the network daily; we could assist you with identifying places that need attention.

Examples:

1. The short spur link from the A602 down the hill to join the Gresley Way cycleway south of Ridlins Stadium is dangerous because going downhill you are forced onto the wrong side of the track.
2. The cycle-track junction with Brittain Way on the north-east corner of the roundabout opposite Ken Brown Motors; here a tall hedge blocks more

than half the cycleway and blocks the cyclists view of the road traffic and vice versa.

3. Broadhall Way cycle way near Broadwater Crescent junction - vegetation on the surface narrows cycleway on a sloping section which is hazardous as cyclists coming uphill move across towards the path of oncoming cyclists descending at speed.

Will the frequency of hedgerow maintenance and surface vegetation clearance along the cycleway and footpath network be increased to ensure that cyclists can safely use the cycle-tracks, particularly while Social Distancing?"

## 8. LEADER OF THE COUNCIL'S UPDATE

In accordance with the Council's Standing Orders, the Leader of the Opposition shall be given the opportunity to raise one matter relevant to the Borough that has arisen since the last meeting of the Council. The Leader of the Council shall then have the opportunity to advise the Council of matters relevant to the Borough that have arisen since the last meeting.

## 9. UPDATE FROM SCRUTINY CHAIRS

To receive updates from the Chairs of the Scrutiny Committees on the recent activities of those Committees

## 10. NOTICE OF MOTIONS

### (i) Black Lives Matter

To consider the following motion submitted by the Labour Group.

"That Council notes with serious concern the death of George Floyd at the hands of police in America on 25th May 2020 and the systemic racism towards black people that continues to exist around the world.

Council also notes the disproportionate impact of Covid-19 on Black, Asian and minority ethnic people in the UK and that decisive action needs to be taken to mitigate these risks on sections of our community.

Council welcomes the decision to light the Clock Tower purple on 2nd June 2020 in commemoration of George Floyd's unnecessary death and all those who have died because of racism in public life.

Council also welcomes the progress that has been made in Stevenage over a number of years to build community cohesion and strengthen the voice of those who are marginalised, but recognises that there is more we can and must do.

That Council resolves:

- To stand in solidarity with black people in Stevenage, Britain and around the world.

- To lobby government for immediate action to address the disproportionate impact of Covid-19 on Black, Asian and minority ethnic people in the UK including here in Hertfordshire where we will continue to work with our Director of Public Health on this issue.
- To lobby government and the county council on racial inequality in education, including recruiting more black teachers and reforming the curriculum to fully reflect British history including the history of slavery empire and colonialism.
- To ensure the Council's HR and management policies fully meet the requirements for equalities, diversity and inclusion in the recruitment and career progression of all staff.
- To establish wider community dialogue with BAME Community organisations to make clear recommendations to the Council and other public bodies of further actions required to tackle discrimination and reduce inequalities across the town.
- To work with our partners in Stevenage Together to ensure we are all listening and engaging with our black community as we plan the future of our town together."

**(ii) Primett Road Car Park**

To consider the following motion submitted by Liberal Democrat Group.

"That in the interests of helping businesses in the Old Town, Primett Road Car Park should be made free to use for the first 3 hours, for an initial period of 6 months or until the former Waitrose building returns to retail use, whichever is the sooner."

**11. QUESTIONS FROM MEMBERS TO COMMITTEE CHAIRS/PORTFOLIO HOLDERS**

In accordance with Standing Orders, written answers to the following questions will be tabled at the Council meeting:

**(A) Question from Councillor Doug Bainbridge**

"How much money has been spent on "consultants" by the Council over the last 5 years. Year by year?"

**(B) Question from Councillor Andy McGuinness**

"Given the impact on the ability to open facilities due to the ongoing COVID-19 crisis, what discussions has SBC had with Stevenage Leisure Limited about the need for additional support measures and what contingency plans are being developed by the Council in this regard to ensure the future sustainability of these invaluable leisure facilities?"

(C) Question from Councillor Robin Parker CC

“When will SBC commit to fully functioning IT, e-mail and telephone services and what has been the cost of the many repeated failures in these since the start of 2019?”

(D) Question from Councillor Graham Snell

“SBC has been without a website which is fit for purpose for at least 3 years, so what is the date when residents can expect the new website to be launched and how will this be communicated to residents?”

(E) Question from Councillor Tom Wren

“Please can an explanation be given as to why 16 mature trees were felled at the former Chells Play Centre site on Eliot Road, without any planning permission being in place for the development?”

(F) Question from Councillor Adam Mitchell CC

“There has been significant delay to the implementation of the new Council website, at a time when it is most needed by the residents of Stevenage during the COVID-19 outbreak. What is causing this delay?”

(G) Question from Councillor Stephen Booth

“What work has the Council's Environmental Health department been engaged on in connection with the Coronavirus outbreak, including work carried out in conjunction with Hertfordshire County Council's Public Health department, since the beginning of March 2020?”

(H) Question from Councillor Alex Farquharson

“Would you describe the number of highly paid Council officers and the amount of taxpayers' money paid to them as acceptable?”

## **12. ANNUAL SCRUTINY REPORT 2019/20**

To note the annual report from the three Scrutiny Committees on their activities during the 2019/20 Municipal Year.

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## **13. APPOINTMENT OF INDEPENDENT PERSON (STANDARDS COMMITTEE)**

To consider an officer report concerning the appointment of an Independent Person to serve on the Council's Standards Committee

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**14. APPOINTMENT OF MONITORING OFFICER**

To consider an officer report concerning the appointment of the Monitoring Officer.

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**15. REVISION TO FINANCIAL REGULATIONS (2016) AND CONTRACT STANDING ORDERS (2016)**

To consider an officer report seeking approval to revised Financial Regulations and Contract Standing Orders.

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**16. AUDIT COMMITTEE MINUTES**

To note the Minutes of the Audit Committee meeting held on 9 June 2020.

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## STEVENAGE BOROUGH COUNCIL

### COUNCIL MINUTES

Date: Wednesday, 20 May 2020

Time: 7.00pm

Place: Virtual (via Zoom)

**Present:** The Mayor (2019/20) - Councillor Simon Speller and Councillors Sandra Barr, Philip Bibby CC, Stephen Booth, Lloyd Briscoe, Rob Broom, Adrian Brown, Jim Brown, Teresa Callaghan, Laurie Chester, Michael Downing, Alex Farquharson, John Gardner, Michelle Gardner, Jody Hanafin, Richard Henry, Jackie Hollywell, Lizzy Kelly, Graham Lawrence, John Lloyd, Mrs Joan Lloyd, Lin Martin-Haugh, Sarah-Jane McDonough, Andy McGuinness, Maureen McKay, John Mead, Sarah Mead, Adam Mitchell CC, Margaret Notley, Robin Parker CC, Claire Parris, Loraine Rossati, Graham Snell, Sharon Taylor OBE CC, Jeannette Thomas and Tom Wren

**Start / End**      Start Time:    7.00pm  
**Time:**            End Time:      9.45pm

#### 1      **APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

Apologies for absence were received from Councillors D Cullen, D Bainbridge and L Harrington.

There were no declarations of interest.

The Mayor welcomed Members to Stevenage's first virtual Council meeting. Councillor Simon Speller then announced the sad death of Bob Fowler, who served as a Councillor for Bedwell Ward and then St. Nicholas Ward between 1969 and 2000 and was Mayor twice, in 1977/78 and 1991/92.

Councillor Sharon Taylor led the tributes and spoke of Bob Fowler's dedication to Stevenage. He worked as a teacher in Stevenage and Hitchin. During his time as a councillor, Bob Fowler also served as Chair of the Planning Committee. After retirement, he went to live at Abbeyfield where he was popular with staff and fellow residents. Councillor Taylor described Bob Fowler as kind, thoughtful and supportive.

Bob Fowler was Councillor Joan Lloyd's deputy when she served as Mayor in 1991. In the early 1990s, Council meetings across the UK were often disrupted by demonstrations against the poll tax. Bob Fowler was very supportive during this time. Bob Fowler kept in touch with Council colleagues after retirement.

Councillor Phil Bibby expressed gratitude for Bob Fowler's service. Councillor Robin

Parker served with Bob Fowler on the Council. He also knew him from education circles. Councillor Parker described Bob Fowler as principled and passionate about local issues.

Councillor Richard Henry remembered Bob Fowler as a great mentor. Councillor Sandra Barr knew Bob Fowler as a great local councillor. Councillor Barr became a school governor after encouragement and support from Bob Fowler.

Following the tributes, Council stood and observed a minute's silence in remembrance and also to commemorate all victims of the Coronavirus pandemic.

## 2 **MINUTES - 26 FEBRUARY 2020**

It was **RESOLVED** that the Minutes of the Council meeting held on 26 February 2020 are approved as a correct record and signed by the Mayor.

At this juncture, the outgoing Mayor thanked Members and Officers who had sent messages of condolences for the loss of his mother and brother. Councillor Speller summarised a year in office that since March 2020 had been disrupted by the Covid-19 pandemic. The Mayor thanked the Youth Mayor and his family for their support on physical and mental health causes. Councillor Speller thanked Shelagh Mackey and others involved in the Schools Parliament and the partnership between schools of Stevenage and Nepal. The Mayor made a promise to continue supporting climate change projects run by young people. A celebration of Stevenage early town history and the Mayoral community history programme were some of the highlights of Councillor Speller's year in office. The history programme would be part of the 75<sup>th</sup> anniversary celebrations of Stevenage New Town in 2021.

The Mayor paid tribute to outstanding retiring officers – Mary Cormack (Borough Solicitor), Gavin Davies (Fairlands Valley Park) and Maureen Nicholson (Member Services). Councillor Speller expressed gratitude for the support offered by his Mayoral charities (Stevenage Community Trust; Stevenage and North Herts Child Contact Centres; Stevenage Haven for the Homeless; and Just Be a Child), Hertfordshire Mayors, Luton Mayor, Roy Nicholson and Andy Smith, Stevenage Scouts, Stevenage Rotarians and Stevenage Museum team. The Mayor also thanked the Mayoress, his family, his PA Tracey Frost, Deputy Mayor and Deputy Mayoress, Members and Officers of the Council for their help and support throughout the year.

On behalf of Members, the Leader of the Council thanked the outgoing Mayor for a successful year in office, and his commitment to the role and the Borough.

## 3 **ELECTION OF MAYOR**

The Mayor asked for nominations for the Office of Mayor for 2020/21.

Councillor S Taylor OBE CC nominated Councillor Jim Brown. Councillor Taylor highlighted Councillor Brown's involvement in politics from an early age and his vast knowledge of local government as an officer and a Member. Councillor Brown was passionate about cycling, road running and music. Councillor Brown was also a

School Governor.

The nomination was seconded by Councillor L Rossati.

There being no other nominations a vote was taken it was **RESOLVED** that Councillor Jim Brown be elected as a Mayor for the 2020/21 Municipal Year.

Councillor Jim Brown then made the statutory declaration of office. The Mayor announced that Penny Schenkel would be the Mayoress for 2020/21.

The Mayor thanked the outgoing Mayor and Mayoress. Councillor Brown pointed out that due to the Covid-19 emergency; he was having a rethink about his charities for the year. Consultations were in progress and details of mayoral charities would be announced soon. The Mayor announced that the theme for his mayoral year would be: "Be Healthy; Be Community; Get Moving". He pledged to support Sport Stevenage. Councillor Brown indicated that his main focus would be to support the town to get through this difficult period and then continue to help in the recovery phase.

#### 4 **ELECTION OF DEPUTY MAYOR**

The Mayor asked for nominations for the Office of Deputy Mayor for 2020/21.

Councillor Adrian Brown nominated Councillor Michelle Gardner. Councillor Brown highlighted Councillor Gardner's passion for local issues and active involvement in the multi-cultural showcase – Celebrate!!!

The nomination was seconded by Councillor Mrs J Lloyd.

There being no other nominations a vote was taken and it was **RESOLVED** that Councillor Michelle Gardner be appointed as Deputy Mayor for the 2020/21 Municipal Year.

Councillor Michelle Gardner then made the statutory declaration of acceptance of office. She announced that Councillor John Gardner would be the Deputy Mayor's Consort for the 2020/21 Municipal Year.

#### 5 **APPOINTMENT OF YOUTH MAYOR**

The outgoing Youth Mayor, William Sarenden, thanked Councillors, Officers, the Youth Council, family and friends for their support. Some of the highlights of his year were attending Remembrance Sunday and Holocaust Memorial services, formally opening The John Henry Newman School Parliament and having the opportunity to meet many other young people from different schools. William informed Members that he was marking Mental Health Awareness Week by teaming up with his predecessor, Ugonna Umunnakwe to raise funds for Mental Health Foundation. The outgoing Youth Mayor urged Members and Officers to donate to a social distancing-compliant fundraising run scheduled for 29 May 2020.

Councillor Richard Henry congratulated the outgoing Youth Mayor, William

Sarenden, for his work on mental health. He informed Members that he was proud that Stevenage had an active Youth Council. It was noted that the Youth Mayor's schedule was affected by the Covid-19 pandemic. The Leader of the Council thanked the outgoing Youth Mayor. She commended the Youth Council for holding the ninth election for Youth Mayor.

Council was informed that following an election the Youth Council had nominated Alissa Nixon Crew as the 2020/2021 Youth Mayor.

It was moved, seconded and **RESOLVED** that Alissa Nixon Crew be elected as Youth Mayor for the 2020/2021 Municipal Year.

Alissa Nixon Crew then signed the declaration of acceptance of office. In her acceptance speech the Youth Mayor stated that she was thrilled to be a voice of young people of Stevenage. The new Youth Mayor informed Council that she would focus on raising environmental awareness, showcasing the work of registered young carers and assisting in ensuring that they get the support they needed. Councillor Taylor congratulated Alissa Nixon Crew and advised her to work with young people to build on the recent increase in eco-friendly activities such as cycling and walking.

#### 6 **APPOINTMENT OF LEADER AND DEPUTY LEADER OF THE OPPOSITION**

The Chief Executive advised the Council that the Leader of the Opposition would be Councillor Phil Bibby CC and that Councillor Graham Lawrence would be his deputy.

#### 7 **APPOINTMENT OF LEADERS AND DEPUTY LEADERS OF THE POLITICAL GROUPS ON THE COUNCIL**

The Chief Executive advised the Council that Councillors Sharon Taylor OBE CC, Phil Bibby CC and Robin Parker CC had been appointed as Leaders of the Labour, Conservative and Liberal Democrat Groups respectively. It was noted that Councillors Mrs Joan Lloyd, Graham Lawrence and Andy McGuinness would be Deputy Leaders of the Labour, Conservative and Liberal Democrat Groups respectively.

#### 8 **CONSTITUTIONAL ISSUES**

Council considered various matters relating to the Member level decision making structure of the Council and the Council's Constitution for the forthcoming Municipal Year.

The Chief Executive referred Members to paragraph 4.6 of the report. He advised that after consulting the Mayor and obtaining his approval, the Council meeting provisionally scheduled for 3 June 2020 would not go ahead. The Chief Executive drew Members' attention to a typographical error in the footnote to recommendation 1.1 – the number of Committee places was 98, not '94' as quoted. Members were also informed that a draft calendar of meetings up to the end of September would be circulated by the end of the week. Where any meetings were not scheduled they would be convened as and when required.

It was moved, seconded and **RESOLVED:**

1. That the Terms of Reference, as detailed in the appendices to this report; and the size and political composition for the following bodies that form the non-Executive Member level decision making structure of the Council be approved subject to the rules of proportionality where appropriate for 98 Committee places where applicable (relevant Committees are identified thus\*) -
  - Overview and Scrutiny Committee\* (Appendix A to the report) – 14 Members (10 Labour Group, 2 Conservative Group, 2 Liberal Democrat Group)
  - Community Select Committee\* (Appendix B to the report) – 10 Members (7 Labour Group, 2 Conservative Group, 1 Liberal Democrat Group)
  - Environment and Economy Select Committee\* (Appendix C to the report) – 11 Members (7 Labour Group, 3 Conservative Group, 1 Liberal Democrat Group)
  - Planning & Development Committee\* (Appendix D to the report) – 13 Members (8 Labour Group, 3 Conservative Group, 2 Liberal Democrat Group)
  - Licensing Committee (Appendix E to the report) – 14 Members (9 Labour Group, 3 Conservative Group, 2 Liberal Democrat Group)
  - General Purposes Committee\* (Appendix F to the report) – 14 Members (9 Labour Group, 3 Conservative Group, 2 Liberal Democrat Group)
  - Appointments Committee\* (Appendix G to the report) - 8 Members (6 Labour Group, 1 Conservative Group, 1 Liberal Democrat Group)
  - Standards Committee\* (Appendix H to the report) – 8 Members (6 Labour Group, 1 Conservative Group, 1 Liberal Democrat Group)
  - Audit Committee\* (Appendix I to the report) – 8 Members (6 Labour Group, 1 Conservative Group, 1 Liberal Democrat Group) + 1 Co-opted non-elected member
  - Statement of Accounts Committee\* (Appendix J to the report) – 8 Members (6 Labour Group, 1 Conservative Group, 1 Liberal Democrat Group)
  - Joint Consultative Committee\* (Appendix K to the report) – 4 Members (3 Labour Group, 1 Conservative Group)
2. That the composition of the Executive and the Portfolios, details of which were circulated at the meeting, be noted.

3. That the various Executive bodies appointed by the Leader, the details of which were circulated at the meeting, be noted. The relevant Terms of Reference for each body are shown at Appendix L to the report.
4. That Council approves the dates for Council meetings for the Municipal Year, as shown at paragraph 4.6 of the report and notes that a calendar of Committee meetings to the end of September 2020 will be circulated shortly to all Members.
5. That Council appoints 5 Members to the Housing Management Advisory Board (4 Majority Group, 1 Opposition Member).
6. That it be noted that the Leader has given delegated authority to all Members regarding the spend of their £2,500 Local Community Budget and for the Youth Mayor's £3,300 Youth Community Budget.
7. That the temporary amendments to the Constitution to reflect the provisions of the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panels Meetings) (England and Wales) Regulations 2020 ('the Regulations'), as shown at Appendix M to the report, be approved for the period during which those Regulations remain in force.
8. That the protocol for virtual meetings, attached at Appendix N to the report, be noted.
9. That the recommended amendments to Standing Orders, as outlined in paragraphs 4.14 of the report be approved.

## 9 APPOINTMENT TO COMMITTEES OF THE COUNCIL

Details of the individuals nominated to serve on each Committee had been circulated prior to the meeting. The membership was to be noted and the Chairs and Vice-Chairs to be voted upon

Councillor S Taylor OBE CC moved the appointments of Chairs and Vice-Chairs. She thanked the Groups for their forbearance and agreement to keep memberships of Committees largely unchanged. She also thanked Members who had intended to stand down but had agreed to stay for one more year following the cancellation of May 2020 local elections.

Councillor Mrs J Lloyd seconded the nominations.

During the debate, the Liberal Democrats Group expressed discontent with the nominations for Vice-Chairs. It was pointed out that in recent years there had been a departure from the tradition of allocating at least one Vice-Chair position to the minor opposition party. The Leader of the Council advised that this was a matter for the Leader of the Opposition.

It was moved, seconded and **RESOLVED:**

1. That the membership of Committees, together with the Chairs and Vice-Chairs, where detailed, are appointed for the 2020/21 Municipal Year as follows:

#### OVERVIEW AND SCRUTINY COMMITTEE

14 Members - (10-2-2)

Councillors – L Martin-Haugh (Chair), P Bibby CC (Vice-Chair), S Barr, L Chester, M Downing, M Gardner, S-J McDonough, A McGuinness, J Mead, S Mead, A Mitchell CC, R Parker CC, C Parris, S Speller

#### COMMUNITY SELECT COMMITTEE

10 Members - (7-2-1)

Councillors – S Mead (Chair), M Notley (Vice-Chair), S Barr, S Booth, A Brown, A Farquharson, L Harrington, J Mead, C Parris, L Rossati.

#### ENVIRONMENT AND ECONOMY SELECT COMMITTEE

11 Members - (7-3-1)

\*Councillors – M Downing (Chair), A Mitchell CC (Vice-Chair), D Bainbridge, S Booth, A Brown, D Cullen, J Hanafin, L Kelly\*, M McKay, L Rossati, S Speller

#### PLANNING AND DEVELOPMENT COMMITTEE

13 Members – (8-3-2)

Councillors – S Speller (Chair), M McKay (Vice-Chair), D Bainbridge, S Barr, M Gardner, J Hanafin, L Harrington, L Kelly, G Lawrence, J Lloyd, S-J McDonough, G Snell, T Wren.

#### LICENSING COMMITTEE

14 Members – (9-3-2)

Councillors – L Chester (Chair), M McKay (Vice-Chair), D Bainbridge, S Barr, M Downing, J Hanafin, L Harrington, R Henry, G Lawrence, J Lloyd, A McGuinness, L Rossati, G Snell, S Speller

#### GENERAL PURPOSES COMMITTEE

14 Members – (9-3-2)

Councillors – L Chester (Chair), M McKay (Vice-Chair), D Bainbridge, S Barr, M Downing, J Hanafin, L Harrington, R Henry, G Lawrence, J Lloyd, A McGuinness, L Rossati, G Snell, S Speller

#### APPOINTMENTS COMMITTEE

8 Members – (6-1-1)

Councillors – S Taylor OBE CC (Chair), P Bibby CC, M Downing, J Gardner, R Henry, Mrs J Lloyd, R Parker CC, J Thomas.

#### STANDARDS COMMITTEE

8 Members – (6-1-1)

Councillors – Mrs J Lloyd (Chair), T Callaghan, M Downing, L Martin-Haugh, J Mead, M Notley, L Rossati, T Wren.

Independent Person who must be consulted on alleged breaches to the Code of Conduct – Dr. Robert Cawley

#### AUDIT COMMITTEE

8 Elected Members – (6-1-1) + 1 Independent Co-opted Member (G Gibbs)  
Councillors – T Callaghan (Chair), J Gardner (Vice-Chair) S Barr, S Booth,  
L Chester, D Cullen, L Kelly, G Lawrence.

#### STATEMENT OF ACCOUNTS COMMITTEE

8 Members – (6-1-1)

Councillors - Mrs J Lloyd (Chair), P Bibby CC, R Broom, J Hollywell, J Mead,  
S Mead, G Snell, J Thomas.

#### JOINT CONSULTATIVE COMMITTEE (JCC) (EMPLOYER SIDE)

Mrs J Lloyd (Employer Side Chairman), P Bibby CC, S Taylor OBE,CC,  
J Thomas

2. That 5 Members (4 Majority Group, 1 Opposition Member) be appointed to the Housing Management Advisory Board as agreed at Minute 8, resolution 5, as follows:

Councillors L Harrington, L Kelly, J Lloyd, L Martin-Haugh, M Notley.

\* Clerical error S Barr to replace L Kelly (Environment and Economy Select Committee)

## 10 APPOINTMENTS TO OUTSIDE BODIES

Council considered the list of individuals nominated to serve on Outside Bodies which had been circulated before the meeting. The Chief Executive advised that the Council no longer appointed Members to serve on the Board of Stevenage Leisure Limited (SLL). Appointments to SLL were to be deleted from the list.

It was moved, seconded and **RESOLVED** that the following individuals are appointed to represent the Council on the various bodies detailed below for one year, unless otherwise stated:

COUNCIL FOR THE PROTECTION OF RURAL ENGLAND THE  
HERTFORDSHIRE SOCIETY - Portfolio Holder Environment and Regeneration

EAST OF ENGLAND LOCAL GOVERNMENT ASSOCIATION - The Leader of the  
Council

EAST OF ENGLAND REGIONAL PLANNING - Portfolio Holder Environment and  
Regeneration

HCC JOINT WASTE MANAGEMENT GROUP - Portfolio Holder Environment and  
Regeneration

HERTFORDSHIRE INFRASTRUCTURE PLANNING AND POLICY GROUP -

Portfolio Holder Environment and Regeneration

HERTFORDSHIRE LOCAL AUTHORITIES LEADERS GROUP - The Leader of the Council

HERTFORDSHIRE SUPPORTING PEOPLE COMMISSIONING BODY MEMBERS OVERVIEW GROUP - Portfolio Holder Housing, Health and Older People

HERTFORDSHIRE SUSTAINABILITY FORUM STEERING GROUP - Portfolio Holder Environment and Regeneration

LOCAL GOVERNMENT ASSOCIATION - The Leader of the Council

RESPONSIBLE AUTHORITY GROUP (COMMUNITY SAFETY) - Portfolio Holder Communities, Community Safety and Equalities

SOSTEVENAGE PARTNERSHIP - The Leader of the Council and Deputy Leader

STEVENAGE COMMUNITY SAFETY PARTNERSHIP - Portfolio Holder Communities (including Safer Communities) and Equalities

AGE CONCERN STEVENAGE - John Lloyd

BEDWELL COMMUNITY ASSOCIATION - Liz Harrington

CHELLS MANOR COMMUNITY ASSOCIATION - Andy McGuinness

CROSSROADS CARE - John Gardner

DOUGLAS DRIVE SENIOR CITIZENS ASSOCIATION - John Lloyd

HOME-START STEVENAGE - John Gardner

KADOMA LINK ASSOCIATION - Graham Snell and John Gardner

LIVING ROOM PROJECT - Jackie Hollywell

OLD STEVENAGE COMMUNITY ASSOCIATION - Jim Brown

OVAL COMMUNITY ASSOCIATION - Lloyd Briscoe

PIN GREEN COMMUNITY ASSOCIATION - Jeannette Thomas

SHEPHALL COMMUNITY ASSOCIATION - John Mead

ST NICHOLAS COMMUNITY ASSOCIATION - Sandra Barr

STEVENAGE CITIZENS ADVICE BUREAU - Michael Downing

STEVENAGE COMMUNITY TRUST - Richard Henry and Maureen McKay

STEVENAGE CREDIT UNION LIMITED - Laurie Chester

STEVENAGE FURNITURE RECYCLING SCHEME - John Lloyd

STEVENAGE HAVEN - Rob Broom

STEVENAGE/AUTUN/INGELHEIM ASSOCIATION - Richard Henry and Simon Speller

STEVENAGE WORLD FORUM FOR ETHNIC COMMUNITIES - John Gardner

SYMONDS GREEN COMMUNITY ASSOCIATION - Laurie Chester

TIMEBRIDGE COMMUNITY ASSOCIATION - Jackie Hollywell

TURN THE TIDE - Lizzy Kelly

EAST OF ENGLAND LGA IMPROVEMENT AND EFFICIENCY PANEL - Richard Henry

HCC HEALTH SCRUTINY COMMITTEE - Maureen McKay

LOCAL GOVERNMENT INFORMATION UNIT - Jim Brown

LUTON AIRPORT CONSULTATIVE COMMITTEE - John Gardner

## 11 **CORONAVIRUS (COVID-19) INCIDENT MANAGEMENT REPORT**

Council considered the report to Executive on 13 May 2020 on the latest Covid-19 position, including the Council's emergency response, the financial impact of Covid-19 on the Council and a proposed approach to recovery.

Councillor Sharon Taylor OBE CC highlighted the devastating toll of Covid-19. The Leader of the Council paid tribute to those who had lost lives during the pandemic. Councillor Taylor praised officers for their timely and decisive response to the pandemic and collaborative work with national and regional partners. The Council had set up Incident Management structures. The Council had managed to keep essential services going and introduced measures to assist vulnerable residents. Councillor Taylor cited Stevenage Helps, hotel accommodation for rough sleepers, more than £11million funding support for local businesses and support for victims of domestic abuse. She expressed optimism about the Council's preparations for recovery from the pandemic. The Leader of the Council informed Members that local authorities were facing a funding gap of about £7billion due to the pandemic. She stated that Stevenage would continue to work with other local authorities to lobby for additional financial support from central government. Councillor Taylor expressed deep reservations about a recent misleading headline about Council finances in a local newspaper. The Council had raised this issue with the editor of The Comet.

Councillor J Thomas pointed out that Covid-19 had an unprecedented impact on communities. Councillor Thomas stated that the community response was a

reflection of the town's motto of "The heart of a town lies in its people".

The Leader of the opposition, Councillor Phil Bibby CC, was of the opinion that the Council's current financial challenges did not warrant the issuing of a section 114 notice. He stated that the misleading newspaper headline should have been retracted sooner to minimise anxiety among residents and SBC staff. Councillor Bibby and Councillor R Parker CC expressed gratitude for the invitation to join the Executive for weekly Covid-19 meetings. Councillor Booth expressed concerns that some Members did not receive regular updates on financial matters.

During the debate, Members agreed that the Comet newspaper headline about SBC finances was misleading and that it had caused anxiety. It was suggested that the Council makes a formal complaint about the Comet headline. Members praised the Council response to the pandemic. It was reported that some local authorities were in awe of the Stevenage response. Councillors highlighted the extraordinary efforts by SBC teams including maintenance of essential services, contacting hard-to-reach businesses to process Covid-19 support grants and going beyond central government's original recommendation of prioritising landfill waste over recyclable waste. The Portfolio Holder for Resources, Councillor Mrs Joan Lloyd, informed Council that officers were advising residents and businesses in financial difficulties to proactively contact the Council to discuss Council Tax and rent payment options.

Members commended the efforts of key workers. Members also cited teachers who had to quickly adapt to lockdown measures and continue delivering lessons and planning for future classes. Citizens Advice Stevenage was praised for quickly adjusting to the lockdown and ensuring minimal service disruption. Members acknowledged the vital role of leisure, sports and culture during the recovery phase.

In her reply, Councillor Taylor pointed out that the Council was operating within its budget prior to the Covid-19 pandemic. Unless the government compensated for Covid-19 related costs, some local authorities would consider issuing section 114 notices. Councillor Taylor advised Group Leaders to share any unrestricted Covid-19 updates with Members. She informed Council that 260 Stevenage residents had recovered from Covid-19.

It was moved, seconded and **RESOLVED:**

1. That the report to Executive on 13 May 2020 be noted.
2. That the following Motion be agreed -

'That this Council formally places on record its heartfelt thanks to all those across the NHS, care workers, local councils, food retailers, transport services, all other key workers and volunteers upon whom we have become reliant to get us through these unprecedented times. They have selflessly put their own lives at risk in order to support our community through the pandemic. Some have sadly fallen victim to the virus and our heartfelt condolences go to their families and loved ones. Their sacrifice will not be forgotten.

We also wish to place on record our thanks to all of our SBC staff across the services who have faced extraordinary pressures and whose response to the Coronavirus pandemic has been quite simply amazing.

May we also thank the people of Stevenage whose response has been extraordinary, in protecting their families and communities by following government guidance, in spite of the personal sacrifice this has entailed, and in the many small acts of kindness and neighbourliness that have happened across the town.

We know that there will be no quick resolution and the impact of the pandemic will be with us for the foreseeable future. Many are still falling ill but a greater number of people are recovering thanks to the efforts of our NHS heroes. It is predicted now that we will face a deep recession which, if it happens, will further compound the suffering that many have already faced. The Council will be working with our partners to tackle this with a Recovery Task Force. And there is hope. Our brilliant scientists are working flat out to find a vaccine and we are all adapting the ways we work and interact with each other to minimise the risk of infection.

It will be tough for us all to return to 'normal', whatever that normal may look like. However the spirit of Stevenage has been clear to see in recent weeks when we have truly lived the value of our motto 'The Heart of a Town Lies in its People', and it is in that spirit that we will continue to work co-operatively with our staff, partners, businesses and, most importantly, our community to face the coming challenges positively and continue working for an 'even better' Stevenage.'

## 12 **PRESENTATION OF MEMORIAL PLAQUE TO THE ROYAL BRITISH LEGION**

The Mayor, Councillor Jim Brown, announced that the Council had commissioned a plaque to present to the Royal British Legion in memory of all those who paid the ultimate sacrifice during World War II.

Councillor John Lloyd, Vice Chairman of the local branch and District Veterans Champion, accepted the memorial plaque on behalf of the Royal British Legion. Councillor Lloyd informed Members that due to the Covid-19 pandemic, the town was unable to hold a public gathering to mark VE 75 Day on 8 May 2020. Wreaths had been laid at a low key event at the War Memorial in Stevenage Old Town. A memorial bench was also unveiled as part of VE Day commemorations. Councillor Lloyd informed Members that 8 Stevenage residents had received special awards and 67 had paid the ultimate sacrifice during World War Two.

## 13 **CLAP FOR KEYWORKERS**

The Mayor introduced a collection of short videos made by SBC staff to show their appreciation both to their colleagues who have been delivering key services and to all those in the community who have risked their own health during the Covid-19 Pandemic in order to help others in the Town. At the end of the presentation, Members applauded the efforts and achievements of SBC staff and all key workers.

CHAIR

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**Meeting: COUNCIL**  
**Date: 15 JULY 2020**

## **ANNUAL SCRUTINY REPORT 2019/2020**

Author – Stephen Weaver (on behalf of the Scrutiny Members) Ext.No. 2332  
Lead Officer – Jackie Cansick Ext.No. 2216 – Tom Pike Ext.No.  
Contact Officer – Stephen Weaver Ext.No. 2332

### **1. PURPOSE**

- 1.1 To report on the work undertaken by the Overview & Scrutiny Committee and the Select Committees during the 2019/20 Municipal Year and to outline the Work Programme for the three Committees for 2020/21.

### **2. RECOMMENDATIONS**

- 2.1 That the work undertaken by Overview & Scrutiny Committee and the Select Committees during 2019/20 be noted.

### **3. BACKGROUND**

- 3.1 Under the provisions of the Local Government Act 2000 Overview and Scrutiny's role is to operate as an independent function of the Council's decision making process, by having overview of the Council's decision making, holding the Executive to account, having the power to "call in" decisions for reconsideration and undertake internal and external scrutiny reviews.
- 3.2 The Council's Constitution requires that there be an annual report to Council on the scrutiny activity over the past Municipal Year (see Article 6.3 of the Constitution).
- 3.3 This report is a retrospective look at the scrutiny review work undertaken by the Overview & Scrutiny Committee and the two Select Committees during the 2019-20 Municipal Year.
- 3.4 In accordance with the Constitution the Overview and Scrutiny Committee was also charged with scrutinising the Executive's proposals on Budget & Policy Framework items that go before Council for decision. In addition the Committees considered updates on Scrutiny studies that had been undertaken previously, examining the progress of recommendations and where appropriate following up on matters raised.
- 3.5 The Committees have also worked with their relevant Executive Portfolio Holders on a number of separate policy development meetings developing

policies and considering reports before their submission to the Executive. This report, however, focuses on the Committees' Scrutiny role.

#### **4. SUMMARY OF SELECT COMMITTEE REVIEWS FOR 2019/2020**

4.1 The amount of work that the two Select Committees undertook in 2019/20 was severely hampered by the addition of the General Election in December 2019 which meant valuable meeting time was lost to the pre-election period and then the early curtailment of the Municipal Year due to the Coronavirus, as well as the amount of time that the Overview and Scrutiny Committee took carrying out the review of the Council's scrutiny arrangements. This meant that the usual scheduling of monitoring and one off single meeting updates were not held as has been the case in previous years.

4.2 Each Select Committee review made formal recommendations to the relevant Executive Member, officers and external partners. The following is a summary of the outcomes of each scrutiny review.

#### **4.2 Community Select Committee – Review of Sports & Leisure**

4.2.1 In conducting this review the Community Select Committee met on 5 occasions and received written and oral evidence from the following people:

- Cllr Richard Henry, Executive Portfolio Holder for Executive Portfolio Holder(s) for Children, Young People and Leisure
- Rob Gregory, Assistant Director Communities & Neighbourhoods
- Geoff Caine, Culture Wellbeing & Leisure Services Manager
- Ryan Ansell, Sports & Leisure Development Officer
- External witness - John O'Callaghan (Herts Sports Partnership Board Member) – provide insight on the County context
- External witness – Louise Gallagher-Smith (Stevenage Sporting Futures)
- External witness – Allan Prescott – Stevenage Leisure Limited (SLL)
- External witness – Chair of Youth Council

4.2.2 Members undertook the following individual research for the review:

- Affordability and barriers – Cllrs C Parris and L Rossati
- Access – Cllrs T Callaghan and S Mead
- Local take up – Cllr S Mead
- Websites and online sports and leisure advertisements – Cllr J Mead
- Older Persons – Cllr M Notley

The review focused on the following issues:

- To check if the Council's website can be updated to include links to public and private providers of sports and leisure facilities and services
- To get a better understanding of booking arrangements for events at the Gordon Craig Theatre

- To determine the split of Stevenage versus non-Stevenage clientele at Stevenage sports and leisure facilities and events
- To assess the affordability of Stevenage sports and leisure facilities and events
- To make a comparison of Stevenage sports and leisure against offers in other similar-sized local authorities
- To ensure that event organisers use a diverse range of publicity methods including the traditional leaflets and posters and also social media platforms

Key findings of the review:

- The review surveyed users of older people's services, Members also canvassed views via a simple survey using their links to the community and the review also canvassed the Youth Council, which they took into account to direct the review
- Site visits to various SLL run and Council owned facilities were crucial to establishing what is currently working well and where there are opportunities for improvement and development in the future
- There needs to be accessibility of sports and leisure linked to health benefits – with recommendations around making more SLL run/Council owned services accessible to those on low incomes and in receipt of Universal Credit.
- Improved marketing of the council offer of sports and leisure opportunities via the website.
- Various infrastructure improvements could be made at Fairlands Valley Park, Sailing Centre, high ropes course, parking for the splash park, more 3G football pitches, extra basketball hoops and backboard stands, long term plan for a replacement running track at Ridlins athletic track.
- The SBC/SLL Innovation Group was doing well at identifying development opportunities to improve the service and make savings where possible but the review established a few more opportunities such as better liaison over cleaning at FVP and improved capture of SLL customer demographics via future payment and booking systems to inform and improve the service

4.2.3 In summary the review made specific recommendations around the following issues:

- Accessibility to sports & leisure opportunities linked to health benefits
- Using marketing opportunities including the Council's website
- Infrastructure improvements within the current offer to improve take up
- Improved liaison between SBC and SLL

4.2.4 The review will make 24 separate recommendations on the above themes. Because of the need for a limited number of formal Council Committees to meet virtually since the start of the lockdown to concentrate on responses to and then recovery from the Coronavirus pandemic, Regulations 2020, the Community Select Committee has not yet been able to meet virtually to agree the final report and recommendations. Once the report has been finalised and

agreed, the Executive Portfolio Holder for Children, Young People and Leisure, Cllr Richard Henry will provide a response to the review recommendations to the Community Select Committee, who will hold a virtual meeting to consider the Executive Portfolio's response.

#### **4.3 Community Select Committee sitting as the Council Statutory Crime & Disorder Committee**

4.3.1 The statutory requirement to hold an annual meeting of the Council's Crime and Disorder Committee was not fulfilled in 2019-20 due to cancellation of the scheduled meeting on 24 March 2020 due to the Coronavirus pandemic. The meeting has been routinely held in March each year as this is the most opportune time to hear about the performance of the Responsible Authority Group, SoSafe Community Safety Partnership against the Community Safety Action Plan for the current year and to look ahead at the emerging priorities for the forthcoming Municipal Year. A rescheduled meeting of the Crime & Disorder Committee will be held as soon as is feasibly possible. Members and officers have agreed that the position of the two select committees will be reviewed again in September to see if resources are available to support the Select Committees to meet and undertake their own work.

#### **4.4 Public Health meeting with the HCC Director of Public Health**

4.4.1 Members received a presentation in relation to the measures that HCC Public Health were taking in relation to the Coronavirus pandemic and answered Members questions regarding the pandemic. Due to Coronavirus the usual updates on the Healthy Stevenage Strategy 2018-2022 and the County wide and local focus for public health such as the progress dashboard for 2019/20 were deferred to be considered as early as is feasible in the 2020-21 Municipal Year. This is dependent on the availability of the HCC Director of Public Health and once the meeting arrangements have been established for the year.

#### **4.5 Environment & Economy Select Committee**

4.5.1 **Rail Station** – Although the Council does not have direct responsibility for rail, the Council has a responsibility to look after the welfare its residents including regular rail commuters and more casual rail users. It was agreed to hold a further follow up meeting with Govia Thameslink Railways and Network Rail in July 2019 following the meetings previously held in October 2018 and February 2019. Members were invited to (i) consider how the Spring 2019 timetable changes have bedded in; (ii) provide an update on the 5<sup>th</sup> Platform and Hertford loop temporary bus service and (iii) discuss the possible implications of moving of the rail signalling to York and spanning the wider works along the East Coast Main Line in support of the King's Cross remodelling project. It should be noted that there has continued to be a positive attitude of rail providers to keeping contact with the Committee.

**4.5.2 Review of local Post Office services** – The Committee conducted a review of local Post Office Services. This brought together local Post Office providers as well as post office users to discuss the current provision of Post Offices in Stevenage and consider their ongoing viability in collocated retail stores, and in particular focus on the loss of the Post Office from the Old Town High Street. The Committee met on two occasions 3 September and 20 November and interviewed the Director of North Thames & East Anglia National Federation of Sub Postmasters, a representative of Stevenage Old Town Business Partnership and the Manager of the Co-op at Symonds Green. Interested members of the public also attended the meeting.

**4.5.3 Update on the review of Maintenance of Trees, Hedges and Shrub beds** - Members considered an update on the previous scrutiny review of the Environment & Economy Select Committee into the Maintenance of Trees, Hedges and Shrub beds. In relation to shrub beds, officers advised that the Council was ahead of its planned schedule and a lot of improvements had been made to shrub beds across the Town. Members were still keen for the work on the promotion of gardening services to those residents unable to maintain their own gardens. Officers advised that this would be looked at as part of the Council's Commercial Strategy. Members were encouraged that the administration around licences to occupy had been made easier for residents to take up and that it was continuing to be amended and improved. Regarding the maintenance of trees it was noted that trees works are planned on a prioritised basis, given the Council's main duty was to carry out routine maintenance of the existing stock and to make safe the trees across the town, with more limited capacity for responses to individual and lower priority requests. Members were supportive that there would be an officer review of the existing Tree Policy in due course.

**4.5.4 Review of Local Neighbourhood Centres** – The Committee received an update on the review of local neighbourhood centres and some background information for the review as well as a revised scoping document when it met on 11 February to start the review. Following a series of officer and Member site visits to Oaks Cross, The Oval, Symonds Green, Bedwell and St Nicholas, the Committee met again on 10 March and discussed the findings from the site visits and formulated some early areas for action for the review to focus on these included: The majority of the neighbourhood centres visited lack any planting schemes, whether this be in raised planters or in ground level flower beds around the largely paved pedestrian areas, so Members will be recommending that some planting including small trees, shrubs and seasonal flowers and bulbs should be provided to help improve the amenity. There are specific neighbourhood centres actions that the review recorded, in general this covered issues such as replacement of missing trees in planting areas; clearing of fly-tipping; work on broken steps and retaining walls; deep cleaning of pedestrian and car parking areas; and painting of street furniture.

#### **4.6 Overview & Scrutiny Committee**

**4.6.1** The Overview and Scrutiny Committee met on 11 occasions to provide overview of the work of the Executive, specifically looking at all Key Decisions

made by the Executive and all Budget and Policy Framework items. In addition to these meetings the Committee also considered the following review:

**4.6.2 Sitting as a Select Committee** – The Overview and Scrutiny Committee sat as a Select Committee to undertake a review of the Council’s Scrutiny arrangements. The Committee met on 23 September and considered the scope for the review, received a presentation on the current arrangements and agreed a methodology for scoring local scrutiny arrangements via a self-evaluation framework, recommended by the CfPS. On 11 November 2019 the Committee considered the collated Member response to the self-evaluation scoring matrix and carried out interviews with fourth Managers and fifth tier officers. On 14 January the Committee considered draft recommendations for improvement following the feedback from the self-evaluation scoring mechanism framework, the results of a survey of the Hertfordshire Scrutiny Network and also notes from the CfPS Summary of the Statutory Guidance Symposium. The final report and recommendations will need to be brought back to Committee in the 2020-21 Municipal Year.

## **5.1 2020/2021 Scrutiny Work Programmes**

5.1 Prior to the March 2020 suspension of Council meetings and the subsequent lockdown announced on 24 March 2020 due to the Coronavirus pandemic, the Environment and Economy Select Committee had met earlier on 10 March to agree items for its work programme as had the Overview and Scrutiny Committee on 16 March 2020. However, it may be necessary to revisit the work programmes in the light of the Council Coronavirus recovery plan. The Community Select Committee was due to meet on 18 March 2020 to agree its work programme, but this meeting had to be cancelled and will now be held as soon as is practically possible in the 2020-21 Municipal Year.

## **5.2 Environment and Economy Select Committee:**

The Environment & Economy Select Committee agreed to scrutinise the following issues:

- (i) Continuation of the review of Neighbourhood Centres;
- (ii) The economic and environmental impact of Covid-19 (Coronavirus) on the Town;
- (iii) Climate Change Strategy including individual issues such as recycling, grasslands, trees, transport and parks (it could be possible that this will be a dominant feature for at least two years).

As well as carrying out review work the Committee will also undertake pre-scrutiny Policy Development work in Portfolio Holder Advisory Group meetings as directed by SLT and the Executive Portfolio Holders.

## **5.3 Overview & Scrutiny Committee Work Programme:**

- 5.3.1 In addition to undertaking all scrutiny of Budget & Policy Framework items and decisions of the Executive, the Overview and Scrutiny Committee has the capacity to undertake a “Select Committee” style meeting during the year if it so wishes. The Overview and Scrutiny Committee has agreed to sit as a select Committee to consider the following items:

**Complete the Scrutiny of the Scrutiny function at SBC  
Consider the impact of Covid-19 on the Councils services**

As well as carrying out review work the Committee will also undertake pre-scrutiny Policy Development work in Portfolio Holder Advisory Group meetings, as directed by SLT and the Executive Portfolio Holders.

- 5.4 The Overview and Scrutiny Committee will review the Council’s Forward Plan of Key Decisions and also consider all ‘Call-in’ requests in accordance with the Council’s Constitution as well as considering any Councillors Call for Action in relation to matters relating to Resources and any Petition appeals, in accordance with the Councils Petition Scheme, regarding matters relating to Resources or of a Corporate or Council wide nature.

5.5 Scoping reviews

- 5.5.1 A schedule of meetings for the two Select Committees has been arranged for the 2020-21 Municipal Year. These meetings will incorporate the scoping of the review where Members will identify the areas they wish to cover during the review, who to interview, what evidence/background information is required and which Members will lead the questioning on a specific area, as well as undertaking site visits, where appropriate. Meetings will also be arranged to revisit previous reviews to monitor actions.

5.6 **Portfolio Holder Advisory Groups (Policy Development Meetings)**

- 5.6.1 Pre-scrutiny Policy Development meetings will continue to be undertaken as and when requested by Executive Portfolio Holders in consultation with Assistant Strategic Directors and will be referred to as Portfolio Holders Advisory Groups (PHAG). These meetings are chaired by the relevant Executive Portfolio Holder and the relevant O&S or Select Committee Members are invited to attend. Unlike regular Select Committee meetings PHAG’s are private meetings not open to the public.

**6. IMPLICATIONS**

**6.1 Financial Implications**

There is a budget of £1,500 to support study activities, site visits and specialist advice and training where necessary.

**6.2 Legal Implications**

Ministry of Housing Communities & Local Government Statutory Guidance on Overview & Scrutiny in Local and Combined Authorities was published in May 2019 and Scrutiny Members should have regard to this when undertaking their Scrutiny review work and carrying out the function.

### **6.3 Equalities and Diversity Implications**

Equalities and Diversity issues are considered at the scoping stage of each Scrutiny review with regards to questioning of witnesses and the collection of oral and written evidence. Also E&D issues are addressed in the final report for each review.

#### **BACKGROUND DOCUMENTS**

Local Government Act 2000.

Ministry of Housing Communities & Local Government Statutory Guidance on Overview & Scrutiny in Local and Combined Authorities.

Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panels) (England and Wales) Regulations 2020.

Individual agendas and study material for each Scrutiny review undertaken by the Select Committees as described in this report are available for inspection.

The full Executive responses to the Scrutiny Reviews are available for inspection.

**Meeting: COUNCIL**

**Date: 15 JULY 2020**

## **APPOINTMENT OF AN INDEPENDENT PERSON (LOCALISM ACT 2011)**

Author – Jackie Cansick (Ext 2216)

Contributor – Mary Cormack (Ext.2212)

Lead Officer – Matt Partridge (Ext. 2456)

Contact Officer – Jackie Cansick (Ext. 2216)

### **1. PURPOSE**

To appoint an ‘Independent Person’ in accordance with s28 (7) Localism Act 2011 .

### **2. RECOMMENDATIONS**

- 2.1 That Dr. Robert Cawley be re-appointed as the Council’s Independent Person for a further term of 4 years with effect from 4 October 2020.

### **3. BACKGROUND**

- 3.1 Under section 28 of the Localism Act 2011 (“the Act”) local authorities are required to appoint at least one Independent Person as part of their arrangements for dealing with complaints that a Member has breached the Code of Conduct.
- 3.2 The Act provides that when the Council is dealing with a complaint against a Member which it has decided to investigate then it must consult with the Independent Person before making a final decision on the allegation.
- 3.3 The Act further provides that the Council may, if it wishes, also consult with the Independent Person about a complaint at any other time in the process and any Member who receives a complaint against them may consult with the Independent Person at any time regarding the complaint against them.
- 3.4 The Council is also required to appoint its Independent Person to an ‘Independent Panel’. The Independent Panel is a statutory body appointed to make recommendations to Council before it decides to dismiss the Head of Paid Service (Chief Executive), the Chief Finance Officer or the Monitoring Officer.

## **REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS**

- 4.1 At its meeting on 4 October 2016 the Council appointed Dr. R Cawley as its Independent Person following an advertisement being placed in the Comet and on

the Council's website and a subsequent interview that included the then Chief Executive and Monitoring Officer.

- 4.2 Dr. Cawley is well qualified for this role After 24 years in education, the latter 12 years of which were in senior and executive leadership of schools and trusts, he has, for the last four years, pursued a portfolio career in education consultancy, regulation and standards, criminal justice, charities and universities. His work now is mainly as a member of the Parole Board and he sits on fitness to practise panels of the Nursing & Midwifery Council, Social Work England, and the British Association for Counselling and Psychotherapy, and until recently the Teaching Regulation Agency. He served as Independent Member of the Audit and Standards Advisory Committee at Brent Council for four years until May this year.
- 4.3 Given the suitability of Dr. Cawley for this role it is considered appropriate that he be re-appointed for a further 4 year term in accordance with the provisions of the Localism Act.

#### **4. IMPLICATIONS**

##### **4.1. Financial Implications**

The Members' Allowances Scheme includes provision of an allowance of £1,325 to the Independent Person. This is paid on a monthly basis pro-rata.

##### **4.2. Legal Implications**

This appointment is in accordance with the provisions of the Localism Act 2011.

#### **APPENDICES**

None

#### **BACKGROUND DOCUMENTS**

Localism Act 2011 - <http://www.legislation.gov.uk/ukpga/2011/20/contents/enacted>

**Meeting: COUNCIL**

**Date: 15 JULY 2020**

## **APPOINTMENT OF MONITORING OFFICER**

Author – Mary Cormack (Ext.2212)

Lead Officer – Matt Partridge (Ext. 2456)

Contact Officer – Jackie Cansick (Ext. 2216)

### **1. PURPOSE**

To appoint the Monitoring Officer in accordance with s5 Local Government and Housing Act 1989.

### **2. RECOMMENDATIONS**

- 2.1 That Simon Banks be appointed as the Council's Monitoring Officer with effect from 20 July 2020.

### **3. BACKGROUND**

- 3.1 Under s5 Local Government and Housing Act 1989 the Council must designate one of its officers as its Monitoring Officer.
- 3.2 The Monitoring Officer is responsible for producing a report where they are of the opinion that any proposal, decision or omission of the Council, its committees or subcommittees or anyone employed by the Council is, or is likely to be, illegal or to constitute maladministration. The Monitoring Officer is also responsible for maintaining the register of Members' interests and for administering the arrangements for considering complaints of breaches of the Members' Code of Conduct.
- 3.3 In May 2017 Council appointed Mary Cormack, Assistant Chief Legal Officer at Hertfordshire County Council as Monitoring Officer. She is now due to retire and it is therefore necessary to appoint a new Monitoring Officer with effect from 20 July 2020.
- 3.4 The County Council has agreed to second Simon Banks to Stevenage Borough Council under s113 Local Government Act 1972. Under s113 (2) he will remain employed by the County Council but for the purposes of any enactment relating to the discharge of local authorities' functions is to be treated as an officer of Stevenage Borough Council. He is therefore eligible for appointment by Stevenage Borough Council as its Monitoring Officer.
- 3.5 Simon Banks will be the Lead Lawyer for the Shared Legal Service from 20 July 2020 and will be responsible for the day to day operation of the service.

#### **4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS**

- 4.1. Simon Banks has proven experience and skills for this role having been an Assistant Chief Legal Officer and Deputy Monitoring Officer at the County Council since July 2017 and Deputy Monitoring Officer of Stevenage Borough Council since 1 August 2017.

#### **5. IMPLICATIONS**

##### **5.1. Financial Implications**

The cost of the Monitoring Officer is paid by Stevenage Borough Council to Hertfordshire County Council in accordance with the Partnership Agreement relating to the Shared Legal Service.

##### **5.2. Legal Implications**

The legal implications are set out in the body of the report.

#### **APPENDICES**

None

#### **BACKGROUND DOCUMENTS**

None

**Meeting:** COUNCIL  
**Portfolio Area:** Resources  
**Date:** 15 July 2020

## **REVISION TO FINANCIAL REGULATIONS (2016) AND CONTRACT STANDING ORDERS (2016)**

Authors – Anita Thomas Ext No. 2430  
Kirsten Brown Ext No. 2775  
Lead Officer – Clare Fletcher Ext No. 2933  
Contact Officer – Anita Thomas Ext No. 2430

### **1. PURPOSE**

- 1.1. To update Members on the revision to the Council's Financial Regulations.
- 1.2. To update Members on the revision to the Council's Contract Standing Orders.

### **2. RECOMMENDATIONS**

- 2.1. That the revised Financial Regulations, attached at Appendix A to the report, be approved by Council.
- 2.2. That revised Contract Standing Orders, attached at Appendix B to the report, be approved by Council.

### **3. BACKGROUND**

- 3.1. Audit Committee Members have reviewed the proposed changes to the Financial Regulations and Contract standing orders. No amendments were requested following this review. Assistant Directors have also been consulted on the changes and clarification on materiality levels (section 1.13 (d)) have been added and the role of Finance Business Partners has subsequently been included.
- 3.2. The Council's Financial Regulations and Contract Standing Orders form an essential part of the control framework within which the Council operates.
- 3.3. Financial Regulations (the Regulations) are designed to ensure that financial decisions are taken in a considered and informed manner by assuring that consistent, high quality financial information is available to Members and officers. The Regulations should be used in conjunction with Contract Standing Orders which documents important rules concerning the conduct of council staff and the procedures they must follow. Each section includes general guidelines to officers on the practical application of the Regulations.

- 3.4. Contract Standing Orders (CSOs) are a collection of rules, which must be adhered to when officers purchase goods, works or services or dispose of Council plant and equipment. They have been designed to ensure that the Council is compliant with UK legislation, follows best practice and achieves value for money in all its procurement activities.
- 3.5. Responsibility for approving and recommending changes to the financial control framework rests with the Strategic Director (Chief Financial Officer).
- 3.6. All staff are bound by these Regulations and will be affected by them to some degree depending on their duties. Training will be provided for those staff who are regularly involved in the application of Financial Regulations or Contract Standing Orders.
- 3.7. Changes to the Financial Regulations and CSOs have been made to reflect organisational changes, legislative changes and to clarify policies.

#### **4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS**

- 4.1. The **Financial Regulations** have been updated as at June 2020 and the changes are detailed in Appendix A attached to this report; the main changes relate to:
- Responsibilities and duties aligned to the new senior structure
  - a new section to specifically reflect expectations of budget holders
  - Increase in petty cash limits from £30 to £50
  - Update to virement (budget movement) authorisations to streamline non service related budget changes.
- 4.2. The **Contract Standing Orders** have been updated as at January 2020 and the changes are detailed in Appendix B attached to this report; the main changes relate to:
- Increasing the threshold for band 2 procurement to £10,000 from £5,000
  - For quotations, the CSOs now say that a local supplier must be invited to quote if one such exists and is registered on Supply Hertfordshire.
  - To raise the level at which contracts are signed under deed to the EU services level for all contracts.

#### **5. IMPLICATIONS**

##### **5.1. Financial Implications**

It is anticipated that the revised Financial Regulations and CSOs will improve the Council's financial standing through the following of best practice, the achievement of value for money and the mitigation of risk.

## **5.2. Legal Implications**

The updated Financial Regulations include any legal implications within the regulations.

## **5.3. Policy Implications**

Financial Regulations are in themselves a policy change.

## **5.4. Equalities and Diversity Implications**

The Council must have due regard to the requirements of the public sector equalities duty under the Equalities Act 2010, which must be taken into account when procuring goods, works, or services from external providers and this is included within Contract Standing Orders.

## **5.5. Climate change**

Within Contract Standing Orders it stipulates that goods or services which are known to be harmful to the environment, and where there are other adequate options, will not be used. Wherever practical and cost effective, only materials from sustainable sources will be used (section 8.5). In this way the procurement process is in alignment with the Council's ambition to attempt to be carbon neutral by 2030.

## **6. BACKGROUND DOCUMENTS**

Financial Regulations version 5.1 reviewed in August 2018

## **7. APPENDICES**

Appendix A – Updated Financial Regulations v6.0

Appendix B – Updated Contract Standing Orders v9.0

Appendix C – Summary of proposed changes to Financial Regulations

Appendix D – Table of proposed changes to Contract Standing Orders

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# Financial Regulations

**Document Control :**

Document Owner :	Clare Fletcher
Version:	6.0
Last Revision:	07/2019
Review Date :	09/2022

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## **INTRODUCTION**

These Regulations have been adopted by the Council and form an essential part of the control framework within which the Council operates. Each section includes general guidelines to staff on the practical application of the Regulations. Useful contacts are also included in each section of this document.

These Regulations are designed to ensure that financial decisions are taken in a considered and informed manner by assuring that consistent, high quality financial information is available to Members and Officers. In this way we can be confident that financial management ensures that the Council's objectives are met in an economical, effective and efficient way whilst still maintaining the highest levels of accountability.

The Regulations should be used in conjunction with Contract Standing Orders which documents important rules concerning the conduct of council staff and the procedures they must follow. The general principals contained in the Regulations may be supplemented by detailed procedures specified by or agreed with the Strategic Director (Chief Financial Officer). Responsibility for approving and recommending changes to the financial control framework rests with the Strategic Director (Chief Financial Officer) who will be pleased to receive any comments on the operation of the Financial Regulations or Contract Standing Orders.

All staff are bound by these Regulations and will be affected by them to some degree depending on their duties. Training will be provided for those staff who are regularly involved in the application of Financial Regulations or Contract Standing Orders.

Assistant Directors will be responsible for ensuring that their appropriate officers/employees:

- (a.) have access to a copy of these Regulations, where appropriate
- (b.) Receive appropriate training in order that they understand and comply with the Regulations.

The Strategic Director is the nominated Chief Finance Officer.

Every officer has a responsibility to read and be familiar with these Regulations.



**Clare Fletcher**  
Strategic Director  
(Chief Financial  
Officer)

## **1. STATUS OF FINANCIAL REGULATIONS**

- 1.1 Financial Regulations provide the framework for managing the Council's financial affairs. They apply to every Member and Officer of the Council and anyone acting on its behalf.
- 1.2 The Regulations identify the financial responsibilities of the **Full Council, Executive, Policy committees and Overview and Scrutiny Committees** and Scrutiny Members, the Head of Paid Service, the Monitoring Officer, the Chief Finance Officer and other Officers.
- 1.3 All Members and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, is properly authorised, provides value for money and achieves best value.
- 1.4 The Strategic Director (Chief Financial Officer) is responsible for maintaining a continuous review of the Financial Regulations and submitting any additions or changes necessary to the **Full Council** for approval. The Strategic Director (Chief Financial Officer) is also responsible for reporting, where appropriate, breaches of the Financial Regulations to the Council and/or to the Executive Members.
- 1.5 The Authority's detailed financial procedures are contained in the relevant sections of these Financial Regulations.
- 1.6 Assistant Directors are responsible for ensuring that all staff in their Business Units are aware of the existence and content of the Authority's Financial Regulations and other internal regulatory documents and that they comply with them. They must also ensure that an adequate number of copies are available for reference within their departments. Copies are also available on the intranet under 'Staff Info / Finance'.
- 1.7 The Strategic Director (Chief Financial Officer) is responsible for issuing advice and guidance to underpin the Financial Regulations that Members, Officers and others acting on behalf of the Authority are required to follow.
- 1.8 Financial management covers all financial accountabilities in relation to the running of the authority, including the policy framework and budget.
- 1.9 **Head of Paid Service (and Chief Executive)**

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

**1.10 Monitoring Officer (Borough Solicitor) provided by shared Legal Service**

- (a.) The Monitoring Officer is responsible for promoting and maintaining high standards of financial conduct and therefore provides support to the **Standards Committee**. The Monitoring Officer is also responsible for reporting any actual or potential breaches of the law or maladministration to the **Full Council** and/or to the **Executive**, and for ensuring that procedures for recording and reporting key decisions are operating effectively.
- (b.) The Monitoring Officer must ensure that **Executive** decisions and the reasons for them are made public. He or she must also ensure that Members are aware of decisions made by the **Executive** and of those made by Officers who have delegated executive responsibility.
- (c.) The Monitoring Officer is responsible for advising all Councillors and Officers about who has authority to take a particular decision.
- (d.) The Monitoring Officer is responsible for advising the **Executive** or **Full Council** about whether a decision is likely to be considered contrary or not wholly in accordance with the policy framework.
- (e.) The Monitoring Officer (together with the Strategic Director (Chief Financial Officer)) is responsible for advising the **Executive** or **Full Council** about whether a decision is likely to be considered contrary or not wholly in accordance with the budget. Actions that may be 'contrary to the budget' include:
- initiating a new policy
  - committing expenditure in future years to above the budgeted level
  - causing the total expenditure financed from Council Tax, grants and corporately held reserves to increase, or to increase by more than a specified amount.
- (f.) The Monitoring Officer is responsible for maintaining an up-to-date constitution.

**1.11 S151 Officer - Strategic Director (Chief Financial Officer)**

(a.) The S151 Officer has statutory duties in relation to the financial administration and stewardship of the authority. This statutory responsibility cannot be overridden. The statutory duties arise from:

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

(b.) The S151 Officer is responsible for:

- The proper administration of the Authority's financial affairs
- Setting and monitoring compliance with finance management standards
- Advising on the corporate financial position and on the key financial controls necessary to secure sound financial management
- Providing financial information
- Preparing the revenue budget and capital programme
- Treasury management and banking.
- Providing an opinion on the 'Annual Governance Statement' Published with the Statement of Accounts.
- Measures to prevent/detect the laundering of illegally obtained money through the Council.

(c.) Section 114 of the Local Government Finance Act 1988 requires the S151 Officer to report to **Full Council, Executive** and the External Auditor if the Council or one of its Officers:

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

Section 114 of the 1988 Act also requires:

- The S151 Officer to nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under Section 114 personally. The Assistant Director (Finance & Estates) or any properly qualified member as directed by the Chief Finance Officer is SBC's nominated deputy.

- The Authority to provide the Strategic Director (Chief Financial Officer) with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under Section 114.

### **1.12 Strategic Directors**

- (a.) Strategic Directors are individually responsible for the proper financial management of resources allocated to Assistant Directors they sponsored and their Business Units through the budget process and for the identification of and accounting for income which falls due within their area. This includes control of staff and the security, custody and control of all other resources including plant, buildings, materials, cash stores or equipment.
- (b.) Strategic Directors shall ensure that their staff receive sufficient training to enable them to be aware of and comply with the requirements of Financial Regulations and Standing Orders.
- (c.) Strategic Directors may delegate specific responsibilities under the approved scheme of delegation. Responsibilities are delegated to Strategic Directors through the constitution which can then be sub delegated.

### **1.13 Assistant Directors**

- (a.) Assistant Directors are individually responsible for the proper financial management of resources allocated to their Business Units through the budget process and for the identification of and accounting for income which falls due within their area. This includes control of staff and the security, custody and control of all other resources including plant, buildings, materials, cash stores or equipment.
- (b.) Assistant Directors shall ensure that their staff receive sufficient training to enable them to be aware of and comply with the requirements of Financial Regulations and Standing Orders.
- (c.) Assistant Directors are responsible for ensuring that **Executive** Members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Strategic Director (Chief Financial Officer).
- (d.) It is the responsibility of Assistant Directors to consult with the Strategic Director (Chief Financial Officer) and seek approval on any matter liable to affect the Authority's finances materially, before any commitments are incurred.

- (e.) Where budget responsibility is delegated to officers below that of Assistant Director (ie Budget holder) it is the responsibility of Assistant Director to ensure the budget holder has skills and knowledge to enable them to undertake their budget responsibilities and that the scope and extent of budget responsibility is known.

#### **1.14 Budget holders**

- (a.) Cost centre budgets will be designated to a specific Budget holder.
- (b.) Budget holders and their staff will comply with these Financial regulations and contract standing orders when dealing with financial matters.
- (c.) Budget holders must review their approved budgets on a monthly (at a minimum) basis and are responsible for ensuring that appropriate action is taken where variation to the budget is projected (both overspends and underspends) and/or where income is projected to be over or under achieved. When appropriate budget holders should identify suitable virement in a timely manner to address the variance (see section 6 – Transfer of Budget).
- (d.) Budget holders will provide information to Finance Officers on projected income and expenditure for the current and future financial years to support the Council's capital strategy and medium term financial strategies (growth and financial security options).
- (e.) Income - With the exception of specific provision in leases, other long term arrangements and statutorily set fees Budget holders will review charges at least annually as part of the Council's budget setting process. The Strategic Director (Chief Financial Officer) must be consulted in relation to any proposals to vary the method of charging or in introducing new charges.
- (f.) Budget holders are responsible for reviewing outstanding debt on a monthly basis (at a minimum) and proposing appropriate action in accordance with the Council's debt recovery policy (see section 20).
- (g.) Budget holders will notify the Assistant Director (Finance and Estates) of any carry forward request for revenue budget allocation that is projected to be spent by September in the following financial year. Carry forward request are restricted to unforeseen delays in delivery of the service/goods and not the roll

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forward of unspent budget. All carry forward requests are approved by Executive.

- (h.) Budget holders are required to attend training sessions to be able to fulfill their budget responsibilities and financial regulation requirements. Budget holders will be supported by a designated Finance Business Partner in fulfilling their budget monitoring responsibilities.

## **2. BUDGET SETTING – CAPITAL**

**CONTACT: Strategic Director (Chief Financial Officer)**

- 2.1.** The format of the Capital Programme shall be determined by the S151 Officer.
- 2.2.** The Capital Programme reported to **The Executive** will include budgetary estimates of capital payments to be incurred in the ensuing financial years.
- 2.3.** **The Executive** shall consider the overall capital programme and the resources available, make amendments as thought fit, and shall recommend an overall programme to **Council**.
- 2.4.** All new schemes with the exception of emergency works or works that become urgent on the grounds of health and safety, must, prior to inclusion in the capital programme, have been considered as part of the Service and Financial Planning process. General Fund Capital schemes will be reviewed by the Leaders Financial Security Group. The information provided must include details of the objectives of the scheme, the resources required, the timescale and the revenue implications. HRA Capital schemes are reviewed as part of the HRA Business Plan. The draft Capital Strategy is considered by Executive and Overview & Scrutiny in January for the following financial year and beyond (April-March and following years) and the Final Strategy consideration in February, prior to the Final Capital Strategy approved at the February Council.
- 2.5.** Urgent General Fund schemes which are required after the budget has been set annually in February must be considered by the Assets and Capital Board following the submission of a completed a Capital Programme Request for Funds form to be included with the next quarterly update report or in a separate committee report if required sooner. Schemes which exceed that threshold must be approved by Council.
- 2.6.** New General Fund schemes which are required after the budget has been set annually in February must completed a Capital bid form to be included with the next quarterly update report or in a separate committee report if required sooner.
- 2.7.** The capital programme is reported July (quarter four), September (quarter one), November (quarter two), March (quarter three). The Executive can only approve new schemes up to the value delegated by Council which is reviewed annually as part of the Capital Strategy presented to Council in February. Schemes which exceed that threshold must be approved by Council.

**2.8** Contracts for works or goods and services (by formal tender) relating to a budget **within** the approved Capital Strategy (as approved in accordance with the Budget and Policy Framework) and **equal to or less than the budgeted amount**, can be authorised without report to the Executive or Council **if** the Strategic Director (Chief Financial Officer) confirms the Strategy is adequately funded for the contract period, based on the following thresholds:

<b>Authorisation level</b>	<b>Total Contract Value (revenue)</b>	<b>Total Contract Value (capital)</b>
Executive	Total contract value more than £2Million but excluding contracts with annual value of less than £500k	Total contract value more than £2Million
Strategic Director following consultation with Portfolio holder	Total contract value between £1Million and £2Million but excluding contracts with annual value of less than £500k	Total contract value between £1Million and £2Million
Assistant Director	Total contract value between £75K and £1Million and total contract value between £1Million and £2Million with annual value of less than £500k	Total contract value between £75K and £1Million
As per authorised signatories lists	Less than £75K	Less than £75K

**2.9** If contracts for works or goods and services relating to a budget **within** the approved Capital Strategy, **exceed the value of budgetary provision**, the contract for goods and services **can be authorised if** the Strategic Director (Chief Financial Officer) confirms the Strategy is adequately funded for the contract period, based on the following thresholds:

- Less than £25,000 per annum reported in the next quarterly monitoring update
- More than £25,000 per annum and **does not** exceed the sum delegated to the Executive to approve for that year, requires reporting to Executive before the contract is signed.
- More than £25,000 per annum and **does exceed** the sum delegated to the Executive to approve requires reporting to both Executive and Council.

- 2.10** New contracts that do not relate to a budget within the approved Capital Strategy, (as approved in accordance with the Budget and Policy Framework) or a proposal to amend a project beyond its current policy must be considered by the Council in accordance with the Budget and Policy Framework, if more than the value delegated to Executive. All new General Fund schemes must complete the capital bid form as outlined in paragraph 2.6 above. This means that all new schemes must be reported as a minimum to the Executive. This is subject to the Executive delegated amount not being exceeded for the year.

**2.11** Virement from a capital budget can be permitted to meet the other schemes within the following thresholds:

<b>Virement Type</b>	<b>Assistant Director</b>	<b>Strategic Director</b>	<b>Executive (if delegation not exceeded)</b>	<b>Council</b>
<b>HRA:</b>				
<b>(b.) Between Capital Programmes</b>	Less than £25,000	£25,000-£50,000	£50,001 – £250,000	More than £250,000
<b>General Fund</b>				
<b>(c.) Between Capital Programmes</b>	Less than £25,000	£25,000-£50,000	£50,001 – £250,000	More than £250,000

**2.12** Virements between codes that enable better budget monitoring and management of larger capital programmes as requested by either budget managers or finance team are outside of the scope of these thresholds except where these virements would alter the service provision or overall budget allocation of the programme.

### **3. BUDGET SETTING – REVENUE**

**CONTACT:** Strategic Director (Chief Financial Officer)

- 3.1. The detailed form of the Revenue Budget shall be determined by the Strategic Director (Chief Financial Officer).
- 3.2. Revenue budgets include the General Fund Revenue Account, Housing Revenue Account and Trading Accounts.
- 3.3. The Strategic Director (Chief Financial Officer), in consultation with the relevant Assistant Directors, shall prepare revenue estimates. These estimates shall be submitted by the Strategic Director (Chief Financial Officer) and shall detail estimates of expenditure and income for the ensuing financial year and current year. The estimates shall show in respect of each item of expenditure and income:
  - (a) Actual results for the last financial year.
  - (b) Original and working budgets for the current financial year.
  - (c) Original estimate for the following financial year.

In relation to (b) and (c) Strategic Director (Chief Financial Officer) or the appropriate Strategic Directors shall report on the reasons for material variations.

- 3.4. **The Executive** shall approve a strategy for fees and charges in line with the Council's overall policies for the coming year. The detailed fee increases will be recommended by the Fees and Charges Officer Group and reviewed by the Leaders Financial Security Group (LFSG). Assistant Directors will implement changes to fees and charges in accordance with this strategy and the scheme of delegation. **The Executive** should approve Assistant Directors changes to proposals in respect of fees and charges where these are not in accordance with the approved strategy or those recommended by LFSG.
- 3.5. **The Executive** shall consider the overall revenue budget and the resources available, make amendments as thought fit, shall consult with the **Overview and Scrutiny Committee** and shall recommend an overall budget to the **Full Council**.
- 3.6. It is the responsibility of the S151 Officer in this case the Strategic Director (Chief Financial Officer) to advise the **Executive** and/or the **Full Council** on prudent levels of reserves for the Authority. This will be based on a risk assessment of General Fund and allocated reserves.

**3.7** For contract for works or goods and services (by formal tender) relating to a budget **within** the approved General Fund or HRA revenue budgets (as approved in accordance with the Budget and Policy Framework) and **equal to or less than the budgeted amount**, authorisation for contracts should be based on the following thresholds:

<b>Authorisation level</b>	<b>Total Contract Value (revenue)</b>	<b>Total Contract Value (capital)</b>
Executive	Total contract value more than £2Million but excluding contracts with annual value of less than £500k	Total contract value more than £2Million
Strategic Director following consultation with Portfolio holder	Total contract value between £1Million and £2Million but excluding contracts with annual value of less than £500k	Total contract value between £1Million and £2Million
Assistant Director	Total contract value between £75K and £1Million and total contract value between £1Million and £2Million with annual value of less than £500k	Total contract value between £75K and £1Million
As per authorised signatories lists	Less than £75K	Less than £75K

## **4. SUPPLEMENTARY ESTIMATES AND BUDGET INCREASES**

**CONTACT: Strategic Director (Chief Financial Officer)**

- 4.1** Supplementary estimates reduce the Council's reserves, and therefore must be used sparingly so as to not jeopardise the Council's Financial Strategy. Business Units should endeavour to find the resources from their own budgets, financing the project or variance through budget virement (see Section 6 of these Regulations). If this is not achievable in the first instance consideration should be given to the budget pressure being covered within other areas within the Assistant Director's remit. Supplementary estimates should represent a last option for financing a project or variance.
- 4.2** **The Executive** can approve Supplementary Estimates within the contingency sum approved by the **Full Council** within each Budget Head (as referred to in the Budget and Policy Framework). Supplementary Estimates above these levels, either individually or cumulatively, require the approval of **Full Council**. The cumulative annual supplementary limit for the Executive is approved as part of the annual budget setting report (January Council – HRA and February Council – General Fund) and is currently £400,000 for the General Fund and £250,000 for the HRA.
- 4.3** A Supplementary Estimate shall only be requested from **The Executive** where expenditure or a reduction in income will be incurred that cannot be accounted within a budget head by way of virement (see 4.1). A request for additional financial resources must be clearly identified in Committee reports and whether they are on-going or a one off. Additional budgets can also be approved as part of the quarterly monitoring reports and budget setting reports (subject to the supplementary limit not being exceeded) to the Executive in the following months;
- September (quarter one),
  - November (quarter two)
  - March (quarter three).
  - July (quarter four)
- 4.4** **Executive** Members with portfolio responsibility can approve supplementary estimates within the approved contingency sum for non-key decisions. A copy of the 'non-key decision notice' and '**Executive** Member with Portfolio Responsibility Report' must be forwarded to the Constitutional Services Manager and reported at the next available **Executive**, or as part of the revenue budget monitoring/setting reports to Executive.

- 4.5** Key decisions which are taken as an officer delegated decision which contain supplementary estimates should be published within two days of the decision being taken. Prior to the report being signed by the relevant officer the Strategic Director (Chief Financial Officer) must have been consulted to determine whether the in-year supplementary limit has been breached which would mean that the decision would require approval by **Full Council**.

## **5. BUDGETARY CONTROL**

**CONTACT: Strategic Director (Chief Financial Officer)**

- 5.1** The Strategic Director (Chief Financial Officer) shall make available to each Assistant Director, information concerning all income and expenditure falling within their respective responsibilities and such other information that may be relevant. This information shall allow comparison between actual expenditure, including committed expenditure, against the current budget.
- 5.2.** Each Assistant Director is responsible for ensuring that all expenditure and income is processed in a timely manner and charged to an appropriate account code to enable budgetary control information to be produced as per 5.1 above.
- 5.3.** Each Assistant Director is responsible for ensuring that all expenditure committed by their Business Units is within a revenue or capital budget. Any expenditure or income likely to vary significantly from an approved budget shall be reported to the Strategic Director (Chief Financial Officer). If appropriate a virement or supplementary estimate will be obtained and reported to Executive as part of the revenue and capital budget monitoring process.
- 5.4.** The inclusion of items in approved revenue or capital estimates shall constitute authority to incur such expenditure subject to compliance with any requirements mentioned elsewhere in these Regulations and Contract Standing Orders.
- 5.5** Any proposal outside the budget and policy framework that involves:
- (a.)** Capital expenditure not specifically included in the capital budget (subject to paragraph 2.5 and 2.8).
  - (b.)** Revenue expenditure on a new service or project that has not been specifically provided for in any of the revenue budgets or reported as part of the budget monitoring process, (paragraph 4.2-4.3)
  - (c.)** A new source of income or significant variation in an existing source of income or not reported as part of the quarterly monitoring process, (paragraph 4.2 - 4.3).
  - (d.)** The sale or disposal of land, buildings or other property of the Council, (other than those for which delegated authority has been given).

will be subject to the specific approval of the Council on the recommendation of **The Executive**. This will apply if:

- The in-year supplementary Estimate allowance for the General Fund, HRA or Capital Programme is exceeded.
  - The virement threshold for Executive has been exceeded (paragraphs 2.9 and 6.3 refers).
  - If during the project, the likely costs exceed the amount specifically approved or the scope of the project altered, then further specific approval must be sought unless the financial implications can be accommodated by Virement. The initial or any subsequent submission of such proposals to the Council shall be subject to the procedures in Section 4.
- 5.6** In a situation that necessitates expenditure or the acceptance of quotes/tenders in contravention of these Regulations, the relevant Strategic Director and the Strategic Director (Chief Financial Officer), in conjunction with the Chair of **The Executive**, shall have authority to sanction such expenditure. The Strategic Director (Chief Financial Officer), shall report such approvals in the schedule prepared under Regulation 4.4.
- 5.7** Nothing in these Financial Regulations shall prevent expenditure being incurred where an emergency or disaster involving destruction of or danger to life or property occurs or is imminent. Where in the opinion of the relevant Strategic Director, in consultation if possible with the Chief Executive and the Strategic Director (Chief Financial Officer), the urgency of the situation will not permit delay, nothing in the Financial Regulations or Standing Orders shall prevent the relevant Strategic Director from incurring expenditure. Action under this Financial Regulation shall be reported to the next meetings of **The Executive** and the **Full Council**.



- (i) There must be sufficient budget provision remaining in the source of the virement to meet all expenditure for the rest of the year.
- (j) Budget changes made by virement will only be actioned in the current year unless budget managers request a permanent budget change. In this instance the virement will be incorporated into the following years original budget.

### 6.3 Virement Authorisation Limits

Virement Type	Authorisation Level			
	Budget Manager	Assistant Director	Executive	Council
(a.) Within a Service	Less than £25,000	£25,000 - £49,999*	£50,000 – £250,000*	More than £250,000*
(b.) Between Services	-	£25,000 – £49,999*	£50,000 – £250,000*	More than £250,000*
(c.) Between Capital Projects	-	Less than £50,000*	£50,000 – £250,000*	More than £250,000*
(d.) Between Portfolio Areas	-	-	Less than £250,000*	More than £250,000*

For the purposes of virement a service is defined as:-

General Fund – cost centre(s) comprising a portfolio summary line in the budget book

Housing Revenue Account – the whole account

Virements authorised by Assistant Directors, or Strategic Director will not require reporting to Committee.

- 6.4** When the virement is as a result of a rationalisation of the Council's financial system codes or the reallocation of a recharge, the authorisation level will up to £250,000 Finance Manager and over £250,000, the Strategic Director (Chief Financial Officer). This would include setting up new cost centres as a result of restructures, reviewing and rationalising subjective codes and changes to staff reports.

- 6.5** When the virement is as a result of budget changes approved as part of budget monitoring/setting approved by Executive and or Council the notice of decision is deemed to be authorisation.
- 6.6** All virements that relate to substantial changes in the method of service provision must be approved by an Assistant Director irrespective of amount. Where a virement would result in a major change to service provisions the approval must be sought form Executive.

## **7. ACCOUNTING**

**CONTACT: Strategic Director (Chief Financial Officer)**

- 7.1** All accounting procedures and records of the Council shall be determined by the Strategic Director (Chief Financial Officer), in so far as they are not prescribed by law.
- 7.2** All accounts and accounting records of the Council shall comply with the relevant accounting standards and shall be in a form determined by the Strategic Director (Chief Financial Officer),
- 7.3** All Assistant Directors shall ensure that the principles of Separation of Duties and good control procedures are observed in the allocation of accounting duties:
- (a.)** The duties of providing information regarding sums due to or from the Council and of calculating, checking and recording these sums shall be separated as completely as possible from the duty of collecting or disbursing them.
  - (b.)** Officers responsible for examining and checking the accounts of cash or stores transactions shall not themselves be engaged in any of these transactions.
- 7.4** As soon as possible after the end of each financial year, and not later than 30 September (subject to the completion of the external audit) the Strategic Director (Chief Financial Officer), shall report to **Full Council** or any delegated body (**Statement of Accounts Committee**).

## **8. TREASURY MANAGEMENT**

**CONTACT: Strategic Director (Chief Financial Officer)**

- 8.1** All external investments in the name of the Council shall be made in accordance with the Council's policy for Treasury Management.
- 8.2** Stevenage Borough Council adopts the key recommendations of CIPFA's Treasury Management Code of Practice (the Code), updated in 2018.
- 8.3** Accordingly, Stevenage Borough Council will create and maintain, as the cornerstones for effective treasury management:
- (a.)** a treasury management policy statement (TMPS), stating the policies and objectives of its treasury management activities
  - (b.)** suitable treasury management practices (TMP), setting out the manner in which Stevenage Borough Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- 8.4** Stevenage Borough Council's **Executive** will receive reports on its treasury management policies, practices and activities including, as a minimum, an annual strategy and plan in advance of the year, an annual report after its close and an in year monitoring report. The Strategy will be updated and reported more frequently if the Council financial circumstances change e.g. need to borrow or best practice recommends. The reports require approval by **Full Council**. The **Executive** will also receive updates on the Council's investments as part of the quarterly monitoring reports (revenue expenditure).
- 8.5** Stevenage Borough Council delegates responsibility for the scrutiny, implementation and monitoring of its Treasury Management Policies and practices to the **Audit Committee** and for the execution and administration of treasury management decisions to the Strategic Director (Chief Financial Officer) who will act in accordance with the Council's Policy Statement and TMPs and, if they are a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
- 8.6** The Strategic Director (Chief Financial Officer) shall report to the **Overview and Scrutiny Committee** on an exception basis, on investment and borrowing transactions.

**9. VALUE ADDED TAX (VAT)**

**CONTACT: Finance Manager (Technical)**

- 9.1** It shall be the responsibility of the Strategic Director (Chief Financial Officer) to secure arrangements for the administration and accounting of VAT to ensure compliance with all statutory requirements including such returns as are required within laid down timescales.
- 9.2** Each Assistant Director shall keep records, as determined by the Strategic Director (Chief Financial Officer) for the prescribed statutory period, of all matters pertaining to the administration and accounting of VAT, and in particular:
- (a.)** All supplier invoices, including any relevant back-up and authorisation documents;
  - (b.)** Documentation supporting all income raised by invoice;
  - (c.)** Documentation supporting all non-invoiced income, including amounts lodged directly with the bank and cash collected directly by departments.
- 9.3** The Strategic Director (Chief Financial Officer) nominates the Finance Manager (Technical) as the contact point for enquiries regarding any VAT matter. Each Strategic Director shall fully observe any direction and advice as may be issued by the office of the Strategic Director (Chief Financial Officer).

## **10. COMMITTEE REPORTS**

**CONTACT: Strategic Director (Chief Financial Officer)**

- 10.1** Strategic Director (Chief Financial Officer) shall ensure that Committee Reports contain a section outlining the financial implications of the matter being reported upon. Additionally, he/she shall be entitled to report upon the financial implications of any matter coming before the **Council, Executive** or other Committees, and shall further report to the **Select Committees and Overview and Scrutiny Committee**, if necessary, in the interests of the financial affairs of the Council. To allow the Strategic Director (Chief Financial Officer) to fulfil his/her obligations all Assistant Directors are obliged to consult with the Strategic Director (Chief Financial Officer) on all matters with a potential financial implication which are likely to result in a report to Committee.
- 10.2** With regard to reports prepared for consideration by Committee, Assistant Directors shall follow the expected format and latest detailed guidance notes, as issued by the Chief Executive and the Strategic Director (Chief Financial Officer), for ensuring all financial implications are identified and recognised. Further, Assistant Directors shall ensure that the Strategic Director (Chief Financial Officer) is fully consulted on the financial implications of reports with the inclusion of appendices within reports for ease of reference.
- 10.3** The following principles should be adhered to in the preparation of all Committee reports:-
- The report should clearly distinguish capital and revenue financial implications.
  - Implications for the capital budget should identify where provision exists within the Council's capital programme.
  - Implications for the revenue budget should identify where provision exists within the Council's revenue budget. It is not considered sufficient to indicate that any increase in expenditure will be contained within a Business Unit budget.
  - Implications for the revenue budget should distinguish ordinary running costs from capital financing costs.
  - Finance Business Partners within Financial Services should be involved in the calculation of such figures, as appropriate.
  - No additional budgetary implications will be allowed unless specifically approved by the **Executive** or **Full Council** (where appropriate).
  - Reports should make clear how additional or unbudgeted running

costs are to be funded in both the current year and future years revenue budgets i.e. via ongoing compensating savings, virement, external funding etc.

- Where virement is proposed, in order to fund overspends or unbudgeted expenditure, reports should indicate whether such virement is to be considered as a permanent adjustment or as a one-off.
- Government grant funding availability / arrangements should be clearly highlighted as should the expenditure covered by grant and any residual costs to be borne by the Council. If the grant is to be available for only a limited period then this should also be identified in the financial implications.
- Staffing changes / additions should clearly state whether such adjustments are of a permanent, temporary or fixed term nature.
- All financial implications narrative and supporting appendices should be agreed with the relevant Finance Business Partner at draft / consultation stage.
- Reports with significant financial implications, should, as a matter of course have a financial appendix which should provide a financial analysis broken down into appropriate cost and income headings (e.g. employee costs, property costs, supplies and services etc.) and should identify current year costs (which in the main will have a part year effect only) and costs for a full financial year.
- Costings for the purpose of financial implications should be to the nearest ten pounds using current year prices.

## **11. AUDIT REQUIREMENTS**

**CONTACT: Strategic Director (Chief Financial Officer)**

- 11.1** The Accounts and Audit Regulations require every local authority to maintain an adequate and effective internal audit function.
- 11.2** The Strategic Director (Chief Financial Officer) shall maintain an adequate and effective system of internal audit to all accounting, financial and other operations of the Council and in particular shall arrange for the examination, review and appraisal of:
- (a) the adequacy and effectiveness of the systems of financial, operational and management control, and their operation in practice in relation to the business risks to be addressed;
  - (b) the extent of compliance with, relevance of, and financial effect of, policies, standards, plans and procedures established by the Board or Members and the extent of compliance with external laws and regulations, including reporting requirements of regulatory bodies;
  - (c) the extent to which the assets and interests are acquired economically, used efficiently, accounted for and safeguarded from losses of all kinds arising from waste, extravagance, inefficient administration, poor value for money, fraud or other cause and that adequate business continuity plans exist;
  - (d) the suitability, accuracy, reliability and integrity of financial and other management information and the means used to identify, measure, classify and report such information;
  - (e) the integrity of processes and systems, including those under development, to ensure that controls offer adequate protection against error, fraud and loss of all kinds; and that the process aligns with the Council's strategic goals;
  - (f) the follow-up action taken to remedy weaknesses identified by the Shared Internal Audit Service (SIAS), ensuring that good practice is identified and communicated widely; and
  - (g) the operation of the Council's corporate governance and risk management arrangements.
- 11.3** SIAS in consultation with the Strategic Director (Chief Financial Officer) and Senior Leadership Team (SLT) shall prepare annual audit plans detailing the areas of audit coverage for the following year. These plans shall be presented to the **Audit Committee**.
- 11.4** Internal Auditors from SIAS have authority to:
- (a) Enter at any time Council premises or land subject to any statutory or contractual restrictions that may apply.
  - (b) Have access to all records, documents and correspondence relating to any financial or other business of the Council and to remove any such records as is necessary for the purpose of their work.

- (c) Receive any information and explanations considered necessary concerning any matter under examination.
- (d) Require any employee, agent or contractor of the Council to produce cash, stores or any other Council property under his or her control.
- (e) Have direct access to the Chief Executive, Audit Committee and **Select Committees and Overview and Scrutiny Committee.**

## **12. FRAUD, ANTI MONEY LAUNDERING AND IRREGULARITY**

**CONTACT: Strategic Director (Chief Financial Officer)**

- 12.1** The Council will not tolerate internal or external fraud and corruption in the administration of its responsibilities.
- 12.2** The Strategic Director (Chief Financial Officer) shall be notified immediately by the Assistant Director of the Service Delivery Unit concerned of any suspected irregularity concerning cash, stores or other property of the Council or any suspected irregularity in the exercise of the functions of the Council. The Strategic Director (Chief Financial Officer) shall take such steps as he or she considers necessary by way of investigation and report.
- 12.3** Should it be found that any major irregularity has occurred or is occurring, the Strategic Director (Chief Financial Officer) shall immediately inform the Chief Executive and the Chairs of **The Executive, Overview and Scrutiny Committee and Audit Committee**.
- 12.4** The Strategic Director (Chief Financial Officer) and the Chief Executive will be responsible for deciding whether any irregularity shall be referred or reported to the Police. Any Fraud can also be reported to the **Shared Internal Fraud Service (SIFS)** who can be contacted at the website <http://www.hertsdirect.org/help/fraud/>
- 12.5** All employees and Members of the Council have a responsibility to bring to the attention of the Strategic Director (Chief Financial Officer) suspected irregularity. It is NOT Officers / Members responsibility to investigate suspicions as this could prejudice any investigation
- 12.6** Requests for surveillance under the Regulation of Investigatory Powers Act 2000 (RIPA) must be made to the Councils Shared Anti Fraud Service (SAFS).
- 12.7** The Strategic Director (Chief Financial Officer) has overall responsibility for:
- (a)** Developing and maintaining an anti-fraud and corruption policy
  - (b)** Developing and maintaining a whistle blowing policy
  - (c)** Maintenance of a register of interests and a register for recording gifts or hospitality
  - (d)** Developing and maintaining an anti money laundering policy
- 12.8** Assistant Directors will instigate the Council's disciplinary procedures where the outcome of an investigation indicates improper behaviour.
- 12.9** No payment to the Council will be accepted in cash if it exceeds £5,000.
- 12.10** Any employee who suspects money laundering activity must make a Disclosure Report reporting their suspicion promptly to the Money Laundering Reporting Officer (MLRO), or to the MLRO's deputy if appropriate, using the Money Laundering Reporting Procedure.

- 12.11** The employee must follow any subsequent directions of the MLRO or deputy, and must not themselves make any further enquiries into the matter.
- 12.12** The employee must not disclose or otherwise indicate their suspicions to the person suspected of money laundering.
- 12.13** The MLRO or deputy must promptly evaluate any Disclosure Report, to determine whether it should be reported to the National Crime Agency (NCA).
- 12.14** The MLRO or deputy must, if they so determine, promptly report the matter to NCA on their standard report form and in the prescribed manner.
- 12.15** The MLRO or deputy will commit a criminal offence if they know or suspect, or have reasonable grounds to do so, through a disclosure being made to them, that another person is engaged in money laundering and they do not disclose this as soon as practicable to the NCA.
- 12.16** Further details on anti-money laundering can be found in the Council's Anti-Money Laundering Policy.

### 13. INSURANCES & RISK MANAGEMENT

**CONTACT: Insurance – Assistant Director (Finance & Estates)  
Risk Management- Assistant Director (Corporate Services &  
Transformation)**

- 13.1 Risk Management** – All organisations need to take risks to achieve their objectives - Risk is about uncertainty, therefore risk management, as well as providing a means of overcoming threats, provides the means to identify and respond to opportunities. Risk Management is a systematic process whereby organisations identify, evaluate, respond to and monitor risks attached to their activities. Risk cannot be eliminated and resources for managing risk are finite, therefore controls need to be targeted and proportionate to the threat. Well managed risk taking is fundamentally important to effective financial management and service delivery, and to maximising opportunities for service development.
- 13.2 The Executive** is responsible for approval of fundamental changes to risk management procedures (such as a new or revised Risk Management Strategy). The Executive has delegated authority for ongoing consideration of risk to the Council’s Audit Committee.
- 13.3** The overall responsibility for effective risk management lies with the Chief Executive. Corporate Risk Group is responsible for preparing the authority’s risk management policy statement and for promoting it throughout the Council. The Chief Executive and Leader have agreed and signed the Council’s Risk Management Policy.
- 13.4 Internal Control** – Internal Control refers to the systems of control devised by management to reduce risks to an acceptable level and to help ensure that the Authority’s objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Authority’s assets and interests are safeguarded.
- 13.5** The Strategic Director (Chief Financial Officer) is responsible for advising on effective systems of Internal Control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other provisions that govern their use.
- 13.6** It is the responsibility of Assistant Directors to establish sound arrangements, consistent with guidance given by the Strategic Director (Chief Financial Officer), for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and achieving their financial performance targets.

- 13.7 Business Continuity** – Assistant Directors should ensure that adequate plans are in place for ensuring continuity of service in the event of a disaster or system failure.
- 13.8 Intellectual Property** - Intellectual Property is a generic terms that includes inventions and writing. If these are created by the employee in the course of employment, then, as a general rule, they belong to the employer, not the employee. Various Acts of Parliament cover different types of Intellectual Property. Certain activities within the Council may give rise to items that may be patentable, for example, software development. These items are collectively known as Intellectual Property.
- 13.9** The Assistant Director (Corporate Services & Transformation) is responsible for developing and disseminating good practice through Intellectual Property procedures. Assistant Directors must ensure that controls are in place to ensure that staff do not carry out private work in Council time and that staff are aware of an employers right with regard to Intellectual Property.
- 13.10 Insurances** - Arrangements for insurances shall only be made through the Assistant Director (Finance & Estates) who shall arrange such insurances as considered necessary to protect the Council's interests.
- 13.11** The Assistant Director (Finance & Estates) shall maintain details of all policies, claims or other transactions relating to the Council's insurance and details of all items or risks insured.
- 13.12** Assistant Directors are responsible for ensuring that the Assistant Director (Finance & Estates) is notified of all new risks which require to be insured and any alterations affecting existing insurances.
- 13.13** Assistant Directors shall be responsible for notifying the Assistant Director (Finance & Estates), as soon as possible of any loss, liability or damage or any event likely to lead to a claim. This notification should be in writing and addressed to the Insurance Manager.
- 13.14** The Assistant Director (Finance & Estates) or their representative shall negotiate all claims made by the Council against its insurers.
- 13.15** Employees of the Council shall be included in a fidelity guarantee policy suitable to the roles they perform.

**14. ESTATES**

**CONTACT: Head of Estates**

- 14.1** The Assistant Director (Finance & Estates) with responsibility for Estates Services shall be responsible for maintaining a terrier of all land and buildings owned by the Council, purpose for which held, location, extent and plan reference, purchase details, particulars of nature of interest and rents payable and particulars of tenancies granted.
- 14.2** The Assistant Director (Finance & Estates) in conjunction with the Borough Solicitor through the shared legal service shall be responsible for the safe custody of all title deeds, formal contracts and agreements under secure arrangements.

## **15. SALARIES AND OTHER EMOLUMENTS**

**CONTACT: Exchequer Manager**

- 15.1** The calculation and payment of all salaries, pensions, compensation and other emoluments to all employees, former employees or Members of the Council shall be made by the Strategic Director (Chief Financial Officer) under arrangements approved and controlled by him/her.
- 15.2** Assistant Directors are responsible for ensuring that the Strategic Director (Chief Financial Officer) / Exchequer Section and Employee Resourcing Team (Human Resources) / are notified as soon as possible of all matters affecting the payment of such sums and in particular:
- (a.)** Appointments, resignations, dismissals, suspensions, secondments and transfers.
  - (b.)** Absences from duty for sickness or other reason, apart from approved leave.
  - (c.)** Changes in pay in accordance with organisational policy.
  - (d.)** Information necessary to maintain records of service for pension, income tax, National Insurance and the like.
  - (e.)** Untaken or excessive leave when officers leave the employment of the Council.
- 15.3** Appointments of all employees shall be made in line with the Recruitment and Selection Policy, within the approved establishment of the appropriate department, grades and rates of pay agreed by the Council, by reference to the decisions of the appropriate negotiating body, and in accordance with any other relevant regulations/policies of the Council.
- 15.4** All time keeping, or other records affecting the pay of an employee, shall be in a form approved by the Strategic Director (Chief Financial Officer).
- 15.5** It shall be the responsibility of the employee to complete all personal time keeping or other records relating to hours worked or leave taken, except in the case of illiteracy where they can be completed by a supervisor and certified to that effect.
- 15.6** An authorised officer shall certify all timesheets, or other records affecting the pay of an employee. Assistant Directors shall notify the Strategic Director (Chief Financial Officer)/ Exchequer Section of those officers authorised to sign such documents, detailing the limits of their authority and including a specimen of their signature. Initials may not be used to certify such documents in hard copy format. Where authorisations are completed electronically delegation of approvals are not allowed and must be done in accordance with the hierarchy set up.
- 15.7** All salary payments will be made on the due date. No advances of pay will be made without the consent of the Strategic Director (Chief Financial Officer) and will only be allowed in exceptional circumstances.

## **16. PETTY CASH, CHANGE FLOATS AND POSTAGES**

**CONTACT: Exchequer and Systems Manager**

- 16.1** A central Petty Cash Account on an imprest basis shall be maintained by the Strategic Director (Chief Financial Officer) for the purposes of minor disbursements. Subsidiary imprests or floats in other departments may be provided at the discretion of the Strategic Director (Chief Financial Officer). Vouchers submitted through this account shall be examined and certified in compliance with Regulation 16.3. In all cases, where applicable, receipts supporting the claim shall be attached to the voucher, except in exceptional circumstances as agreed by the Strategic Director (Chief Financial Officer).
- 16.2** **No income**, except imprest reimbursements, shall be paid into petty cash accounts or cash floats.
- 16.3** Cash reimbursement shall be limited to minor items of expenditure not exceeding £50 (this may be increased at the discretion of the any other limit specified by the Strategic Director (Chief Financial Officer)). Payments and claims shall not be divided to avoid this limit. All individual claims over the £50 limit that relate to travel and subsistence, must not be reimbursed through the Petty Cash account, but should be reimbursed on a monthly basis through the Payroll / Members Expenses system. All other claims exceeding the £50 limit shall be paid through the normal weekly BACS payment run, except in exceptional circumstances as agreed by the Strategic Director (Chief Financial Officer).
- 16.4** Officers responsible for change or petty cash floats shall produce on request any record and balance to the Strategic Director (Chief Financial Officer) for examination. In addition, as part of the closure of accounts a signed petty cash declaration is required for each subsidiary imprest or float as requested by the Strategic Director (Chief Financial Officer).
- 16.5** Officers responsible for change or petty cash floats shall perform, in conjunction with another Officer, regular checks to verify the balance of the float. As a minimum this should be done weekly and a record of the checks, signed by both Officers, shall be maintained.
- 16.6** Assistant Directors shall ensure that any floats held by Officers leaving the employ of the Council are checked prior to the leaving date. These floats should then either be paid back to the Strategic Director (Chief Financial Officer) or transferred to another employee.
- 16.7** All postages for outgoing mail shall be made through centralised digital post system unless otherwise approved. Packages containing documents or articles of value shall be registered or insured, according to the arrangements in force.
- 16.8** Corporate Credit Cards shall be issued to all Strategic Directors and Assistant Directors and any other nominated Officer whose duties require

one. The Strategic Director (Chief Financial Officer) shall ultimately decide to whom credit cards will be issued and withdrawn.

- 16.9** The Strategic Director (Chief Financial Officer) shall issue guidelines on the acceptable use of corporate credit cards, including types of expenditure permitted and proper accounting for expenditure incurred. All corporate credit card holders will be required to sign that they will only charge payments that are within the guideline rules. Random checks will be made on credit card payments by the Exchequer Manager.

## **17. TRAVELLING AND SUBSISTENCE ALLOWANCES**

**CONTACT: Exchequer and Manager**

- 17.1** Payment of Travelling and Subsistence allowances shall be made in accordance with current Stevenage Borough Council policy. Details of the current policy are available from Human Resources.
- 17.2** The Strategic Director (Chief Financial Officer) shall be responsible for paying any travelling and subsistence allowances and reimbursement shall be made through the payroll.
- 17.3** Claims from Officers for payment of car allowances, subsistence allowances, travelling and incidental expenses shall be made on a form specified by the Strategic Director (Chief Financial Officer) and shall be submitted within three months of journeys claimed. Periods in excess of three months shall be paid at the discretion of the Strategic Director (Chief Financial Officer) and only one late claim relating to a period of over three months previous shall be allowed in a two year period. The Exchequer section will maintain a register of late payments, to be submitted annually to the Strategic Director (Chief Financial Officer). Managers must ensure that all claims are complete and in line with Council policy, before authorising.
- 17.4** All claims for travelling expenses, car allowances and subsistence will be made through the payroll system via MyView. Exchequer Services will advise on the last day for submission of claims for each pay period.
- 17.5** All claims for car allowances, subsistence, travelling and incidental expenses shall be certified by an officer so authorised. Assistant Directors shall supply a list of names and specimen signatures of all those Officers in their department, with limits if applicable, to the Strategic Director (Chief Financial Officer). Authorisation shall be in the form of electronic sign off using MyView.
- 17.6** Subsistence allowances will only be paid against actual expenditure incurred up to the maximum allowed under the current policy. Receipts should be obtained and submitted to support the claim. Claims may be rejected if receipts are not attached. Where it is impossible to obtain receipts, the claimant shall list the items purchased, where purchased from and the cost, and payment will be made at the discretion of the Assistant Director in consultation with the Strategic Director (Chief Financial Officer). Subsistence allowances will not be reimbursed for alcoholic drinks.
- 17.7** Officers using rail travel may obtain a travel warrant from the Assistant Director (Finance & Estates) prior to their journey, unless rail tickets can be obtained from a cheaper source in advance of travel. The Council will only provide rail warrants and reimburse rail travel from Stevenage or from the nearest town to the employees place of work if

different. Exception will be made if travel is made on a different rail route other than Stevenage and the station used is of equal cost or less than travelling from Stevenage. Any additional travel cost over and above the cost of the train ticket should be paid by the officer including car parking fees if the employee chooses to travel from a station other than Stevenage.

- 17.8** Private vehicles can only be used for Council business, and the subsequent mileage allowance claimed, if the vehicle and driver has been specifically insured for this use and the employee has complied with the Council Driver Policy. Assistant Directors will make such necessary checks to ensure that this regulation is adhered to.

## **18. ASSETS & INVENTORIES**

**CONTACT: Strategic Director (Chief Financial Officer)**

- 18.1 Assets** – It is the responsibility of the Strategic Director (Chief Financial Officer) that an Asset Register is maintained in accordance with good practice. The function of the Asset Register is to provide the Council with information about fixed assets so that they are safeguarded, used efficiently and effectively and adequately maintained. It is also the Strategic Director (Chief Financial Officer) responsibility to ensure that assets are valued in accordance with the Code of Practice on local authority accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA / LASAAC).
- 18.2** Assistant Directors shall be responsible for the care and custody of all Council assets within their Business Units and shall maintain proper security for all buildings, vehicles, plant, stocks, stores, furniture, equipment and cash.
- 18.3 Inventories** - Inventories shall be maintained by Business Units for all establishments as follows:
- 18.4** The Assistant Director (Digital & Transformation) will be responsible for the maintenance of a comprehensive Hardware and Software Inventory for all Council IT equipment in all Business Units and shall ensure that appropriate entries are made at the time of purchase, at the time of disposal and that an annual check of all items on the inventory takes place.
- 18.5** The Assistant Director (Finance & Estates) will be responsible for the maintenance of a Inventory for all Council furniture in all Business Units and shall ensure that appropriate entries are made at the time of purchase, at the time of disposal and that an annual check of all items on the inventory takes place.
- 18.6** The extent to which the inventory shall record items specified within 18.1 above shall be in a form determined by the Assistant Director (Finance & Estates).
- 18.7 Disposal of Assets-** Disposal of assets should be carried out in accordance with the Council's Contract Standing Orders section 7.2. Items which are obsolete or surplus to requirements, excluding land or buildings, over the cost of £500 (at the time of purchase) can be sold or disposed of on completion of an asset disposal form found on the staff intranet with approval by the appropriate Assistant Director providing the estimated **loss on disposal is no more than £10,000**. Where the loss is estimated to exceed the £10,000 threshold, approval of Executive or following consultation with the relevant Portfolio holder must be obtained. Items that have been leased to the Council should not be disposed of unless full written consent has been obtained from the lessor. Anticipated

loss on disposal can be obtained from the Group Accountant (capital and treasury).

- 18.8** Surplus or obsolete stock / assets with an estimated sale value of less than £75,000 can be sold or disposed of through the methods of disposal outlined under CSO 7.2.3 and 7.2.4, subject to the Assistant Director demonstrating that the interests of the Council have been considered. Surplus or obsolete stock / assets with an estimated sale value of £75,001 or more must be sold via competitive tender inviting bids in line with CSO 7.2.4 and 7.2.5 or sale by public auction. Other methods may be used if the Strategic Director (Chief Financial Officer) and Assistant Directors believe another method would be in the best interest of the Council. All disposals should be notified to the Strategic Director (Chief Financial Officer) within two weeks of year end so that the Capital Asset register can be probably maintained. All vehicles (non- leased) must be disposed of through sale by public auction or by quotations from a reputable dealer.
- 18.9** All disposals must comply as applicable with the Waste Electrical & Electronic Equipment Directive and Health & Safety legislation. All Council and personal data must be removed from any IT or recording equipment prior to their disposal.
- 18.10** Where small items of equipment with a value of less than £500 (at the time of purchase) such as keyboards are scrapped, they must be recorded on a list held by each relevant Assistant Director and signed off at year end. The list must be passed to Finance Technical Team at year end.
- 18.11** The property of the Council specified within 18.1 above shall not be used other than for legitimate Council business.

**19. INCOME**

**CONTACT: Strategic Director (Chief Financial Officer)**

- 19.1** The Strategic Director (Chief Financial Officer) in conjunction with any other Assistant Director, shall make and maintain adequate arrangements for :
- (a)** the organisation and accounting necessary to ensure the proper recording of all sums due to the Council.
  - (b)** the custody, control, disposal and proper accounting of all cash received by the Council through any Business Units.
- 19.2** Each Assistant Director shall ensure that there are adequate arrangements for the calculation, collection and banking of all income due to their Business Units and that it is done in such a way to prevent losses arising from any source.
- 19.3** Every sum received by an officer or agent of the Council shall be acknowledged immediately by the issue of an official receipt, ticket, voucher or other document prescribed by the Strategic Director (Chief Financial Officer).
- 19.4** All receipts, tickets, voucher or other document prescribed by the Strategic Director (Chief Financial Officer) shall be sequentially pre-numbered.
- 19.5** Assistant Directors shall be responsible for ensuring that all receipts issued to officers in their department are accounted for, have been used in accordance with any relevant guidelines and that income collected on those receipts has been collected and paid over to the Council.
- 19.6** All official receipts forms, books, tickets and other documents of a similar nature shall be issued and controlled by the ICT Services Security and Standards Manager as directed by the Strategic Director (Chief Financial Officer), and a register shall be maintained for this purpose. The Strategic Director (Chief Financial Officer) shall also make any necessary checks to ensure that all receipts issued have been accounted for.
- 19.7** Every Officer who receives monies on behalf of the Council shall pay the monies to the Strategic Director (Chief Financial Officer) via the Council's Reconciliation Team's cash deposit process, who shall then arrange for it to be banked. All cheques received at Daneshill House should be listed, using prescribed stationery, delivered to the Council's Reconciliation Team and banked the next available working day. Cash collected shall, under no circumstances, be replaced with a personal cheque. All income collected shall be paid over promptly, intact and without deduction, and shall not be used for expenditure, floats or petty

cash. All cash and cheques received at satellite sites should be delivered to the Council's Reconciliation Team in line with procedures agreed with the Strategic Director (Chief Financial Officer).

- 19.8** All income collected by Council Officers on behalf of a third party, whether for a commission or not, shall be receipted and banked in the same way as if it was the Council's own money. Any amount due to the third party will be paid by bacs issued by the Strategic Director (Chief Financial Officer), once the account has been checked and balances agreed.
- 19.9** The Strategic Director (Chief Financial Officer), shall be responsible for the operation and running of a computerised sundry debtor system and shall furnish each Assistant Director with details of outstanding debts for which their Business Units are responsible.
- 19.10** Payment in advance shall be obtained for the supply of goods and services. The only variance to this may be
- due to contractual arrangements
  - the invoice is based on the supply of variable goods and services
  - if agreed with the Strategic Director (Chief Financial Officer)
- Each Assistant Director shall be responsible for ensuring that a sundry debtors invoice is promptly raised and as a minimum 14 days after supply of goods/services.
- 19.11** Strategic Director (Chief Financial Officer), in conjunction with the relevant Assistant Director, shall determine those goods or services where sundry debtors may be raised.
- 19.12** Assistant Directors shall be responsible for ensuring that all debts raised by their Business Units are collected promptly.
- 19.13** Strategic Director (Chief Financial Officer) shall fix a limit (currently £10) below which sundry debtor accounts will not be raised, and in such cases alternative collection methods shall be employed, where possible. Pepercorn rents and/or arrangements where invoices are raised to create a contractual arrangement but are below the £10 limit are exempted.
- 19.14** A record should be kept of every transfer of money between employees of the Authority. The Receiving Officer must sign for the money received and both the Receiving Officer and transferor should keep a record of the transaction.

## **20. RECOVERY AND WRITE OFF OF DEBTS**

**CONTACT: Strategic Director (Chief Financial Officer)**

- 20.1** The Council shall have a policy for recovery of debt approved by the Strategic Director (Chief Financial Officer) and **The Executive**.
- 20.2** Assistant Directors are responsible for ensuring that all debts are collected in accordance with the laid down policy.
- 20.3** The Strategic Director (Chief Financial Officer) shall be responsible for providing departments with details of all debts outstanding.
- 20.4** A debt, which is properly due to the Council and deemed irrecoverable, shall only be written off as follows:
- (a.) Debts of less than £100 with the approval of the Assistant Director (Finance and Estates) or their appointed nominee.
  - (b.) Debts of £101 and less than £5,000 with the approval of the Strategic Director (Chief Financial Officer) or their appointed nominee.
  - (c.) Debts of £5,001 and less than £10,001 with the approval of the Strategic Director (Chief Financial Officer) or their appointed nominee and the Resources Portfolio Holder
  - (d.) Debts of £10,001 or more with the approval of **The Executive**. For the purposes of these Regulations the value of debts shall be determined by reference to the debtor as opposed to individual debts. Where the value of several debts for one individual or organisation exceeds £10,001 **Executive** approval shall be obtained.
  - (e.) These regulations apply to debts including, Council Tax and Housing Benefit, with the exception of debts relating to Business Rates where the debt is not collectable as a result of a business going into liquidation or receivership .
- 20.5** Assistant Directors are responsible for ensuring that all available means of recovering a debt has been taken before a debt is reduced or recommended for write off. No debt will be reduced or written off without the receipt of a signed instruction issued by the relevant Assistant Director. The Strategic Director (Chief Financial Officer) shall make such checks as he considers necessary on the procedures used.
- 20.6** The Strategic Director (Chief Financial Officer), shall be responsible for ensuring sufficient budgetary provision is made for bad debts.
- 20.7** Distress proceedings for recovery of Council Tax, business rates and warrants for committal to prison shall be instituted by the Strategic Director (Chief Financial Officer). The Borough Solicitor via the shared legal service shall institute court proceedings via the shared Revenues and Benefits Service for the recovery of other monies due to the Council.

## **21. BANKING ARRANGEMENTS AND CHEQUES**

**CONTACT: Strategic Director (Chief Financial Officer)**

- 21.1** All arrangements for banking services shall be made through the Strategic Director (Chief Financial Officer). **The Executive** shall approve the bankers and the accounts to be used.
- 21.2** Only as a last resort will cheques be issued.
- 21.3** All cheques or other instructions issued on behalf of the Council shall bear the impression or manuscript signature of Strategic Director (Chief Financial Officer) with a proviso that cheques for £10,000 shall also bear the impression or manuscript signature of an officer(s) approved by the Strategic Director (Chief Financial Officer).
- 21.4** The Strategic Director (Chief Financial Officer) shall make sufficient arrangements to ensure that that the correct signatories are held in the ICT software to so that cheques contain the appropriate authorised signature.
- 21.5** The Strategic Director (Chief Financial Officer) shall be responsible for ensuring that a monthly reconciliation between the Council's Bank account and its income and expenditure records is performed and that the reconciliation is reviewed by the Systems and Reconciliation Manager and signed off on a timely based.
- 21.6** Only bank accounts designated by the Strategic Director (Chief Financial Officer) will be used for Council transactions. Opening or closing any bank account shall require the written approval by the Strategic Director (Chief Financial Officer) and one other authorised signatory. Officers must not open secondary bank accounts or hold monies for any third party organisations.

## **22. SECURITY & SAFES**

**CONTACT: Strategic Director (Chief Financial Officer)**

- 22.1** Each Assistant Director shall be responsible for maintaining adequate and proper security at all times for all buildings, stocks, stores, IT, furniture, equipment, vehicles, plant, cash and any other assets of the Council under their control. These arrangements shall be subject to the agreement of the Strategic Director (Chief Financial Officer) and shall be sufficient enough to mitigate loss arising from any cause.
- 22.2** Maximum limits for cash holdings, in whatever receptacle (excluding Automated Teller Machine (ATM)), shall be agreed with the Strategic Director (Chief Financial Officer) and shall not be exceeded without express permission and with regard to the appropriate insurance limit.
- 22.3** Officers, who in the course of their duties collect money on behalf of the Council, shall take all reasonable precautions for its safe custody and shall observe any instructions as may be issued by the Strategic Director (Chief Financial Officer).
- 22.4** Each Assistant Director shall maintain a Register of Keys for external doors, safes, cash boxes and others of similar importance. This Register shall list the key holders and out of hours contact numbers. This Register must be kept in a secure environment and not available for general inspection by unauthorised officers. All keys issued to staff are to be carried on the person, or held in a secure place, by those responsible at all times. Safe keys must not be left on the premises where the safe is situated. The loss of any keys must be reported to the relevant Assistant Director and the Strategic Director (Chief Financial Officer) immediately.
- 22.5** All safes shall be specified by the Strategic Director (Chief Financial Officer) after consultation with the Council's insurers.
- 22.6** The Assistant Director with responsibility for E-Government & Business Systems shall be responsible for maintaining proper security and privacy in respect of information held on the Council's computer installations and for ensuring that its use is in accordance with any relevant legislation.
- 22.7** Assistant Directors are responsible for ensuring that all visitors to any Council office or establishment, except in public areas, are signed in and are wearing an appropriate visitors pass. They shall also ensure that any visitor working in the above stated areas are adequately supervised to ensure confidentiality of Council information and security of Council assets is maintained at all times.
- 22.8** Every Officer shall comply with any instructions issued from time to time on building security.

**23. DOCUMENT RETENTION**

**CONTACT: Strategic Director (Chief Financial Officer)**

- 23.1** Documentation created / maintained for transactions covered by these Financial Regulations or SBC's Contract Standing Orders shall be retained in accordance with the document retention schedule which can be found on the INTRANET or for a period not less than 6 years after the transaction / project etc ceases to be current.

## **24. RECEIPT OF GIFTS, GRATUITIES AND HOSPITALITY**

**CONTACT: Strategic Director (Chief Financial Officer)**

### **General Guidance**

- 24.1** Any Council employee shall treat with caution any offer of gift, favour or hospitality that is made to them personally. The person or organisation making the offer may be doing, or seeking to do business with the Council, or may be applying to the Council for planning permission or some other kind of decision.
- 24.2** No hospitality shall be accepted from any company, organisation or individual that is currently participating in a contract award process with the council.
- 24.3** Employees are personally responsible for all decisions connected with the acceptance or offer of gifts or hospitality and for avoiding the risk of damage to public confidence in the Council.
- 24.4** The proper course of action for employees is to only accept gifts or hospitality where they regard the acceptance as normal and reasonable.
- 24.5** Employees shall ensure that any gift or hospitality is not of a level or amount which would lead any reasonable person to believe that the employee might be influenced by such gift or hospitality.
- 24.6** In the event that doubt should exist over the appropriateness of any gift, hospitality, or fee or commission, employees shall seek advice from their Assistant Director or, if appropriate, the Strategic Director (Chief Financial Officer).
- 24.7** The rules and guidance for officers relating to gifts, gratuities and hospitality can be found in the Officer Code of Conduct which can be found on the Council's INTRANET .

## **25. PAYMENT OF ACCOUNTS**

CONTACT: Exchequer Manager

- 25.1** Payments by the Council shall only be made on receipt of an official invoice submitted by a supplier, except in exceptional circumstances as agreed by the Strategic Director (Chief Financial Officer).
- 25.2** Before an order is placed with a supplier the authorising officer will ensure that the proper procurement process will have been followed and in accordance with the Council's contract standing orders.
- 25.3** Before an order is placed with a supplier a requisition must be completed and approved by an authorised officer with the relevant financial delegation. All stationery items that are stocked by the Council's official stationary supplier must be ordered from the official supplier (details are available from Exchequer Services).
- 25.4** An official purchase/works order form must be raised for all orders. (see procedures to be followed in emergency planning situations were this may not be practicable).
- 25.5** The purchase/works order shall specify the goods, services, or works to be provided along with the price. The only exception to this is if a signed agreement or contract exists between the Council and the supplier and that contract and/or agreement specifies in detail the exact works, goods or services to be supplied and price, in which case a brief description of the project and the total contracted price can be specified.
- 25.6** Officers certifying purchase/ works orders must be authorised to do so under the scheme of delegation. Assistant Directors will provide Exchequer Services with details of officers within the Department who are authorised to sign orders (including electronic authorisation), including the maximum order value and sample signature of that officer.
- 25.7** Officers certifying purchase/works orders shall have due regard to the availability of sufficient budgetary provision. No order shall be authorised where the anticipated expenditure will cause the budget to be overspent, unless covered by section 6 of these Financial Regulations.
- 25.8** Certifying officers shall, before certifying an account for payment, be satisfied that:
- (a) The official ordering procedure, as detailed in this regulation (Reg. 25), has been observed and that Standing Orders have been complied with.
  - (b) The work, goods or services, to which the account relates have been received, carried out, examined and approved and are in accordance with the official order.
  - (c) The prices, extensions, calculations, trade discount, other allowances, credits and tax are correct.
  - (d) The expenditure has been properly incurred, has been charged to

an appropriate account and is within the relevant estimate provision.

- (e.) Appropriate entries have been made in inventories, stores records or stock books as required.
- (f.) The account has not been previously passed for payment and is a proper liability of the Council.

Only invoices with an official order shall be paid unless an additional certification has been obtained from the relevant authorised officer.

- 25.9** Apart from petty cash, the normal method of payment shall be by bacs. In exceptional circumstances other payment methods may be authorised by the Strategic Director (Chief Financial Officer) or a relevant authorised officer.
- 25.10** All payments drawn on the Council's bank account shall be authorised by the Strategic Director (Chief Financial Officer) or a relevant authorised officer.
- 25.11.** Any payment by cheque for £10,000 or more shall also bear the impression or manuscript signature of an officer(s) approved by the Strategic Director (Chief Financial Officer).
- 25.12** The Strategic Director (Chief Financial Officer) shall be responsible for ensuring that the Council's bankers are kept informed of those officers authorised to make payments from the Council's accounts and that they have up to date specimen signatures of those officers.
- 25.13** The Strategic Director (Chief Financial Officer) shall be responsible for ensuring that sufficient fidelity guarantee insurance is in place for those officers authorised to initiate or make payments from the Council's accounts.
- 25.14** The Assistant Director issuing an order is responsible for ensuring that all invoices are checked prior to payment for validity, including price, VAT and goods/services received. Such certification shall be in a form required by the Strategic Director (Chief Financial Officer).
- 25.15** Assistant Directors are responsible for ensuring that the names of officers authorised to certify accounts for payment in their department, along with specimen signatures and limits of authority, are supplied to the Strategic Director (Chief Financial Officer) They are also responsible for ensuring that the Strategic Director (Chief Financial Officer) is advised of any amendments to the list of authorised officers, or changes in signatures of those previously notified. Authorisations and delegations should be made with due regard of the grade and responsibilities of the post holder. The authorisation forms are required to be checked, updated and resubmitted to the Strategic Director (Chief Financial Officer) on a regular basis, at least every 2 years. Tandem electronic authorisations need to be downloaded, checked and updated where necessary on a regular basis and as a minimum at least every two years, to ensure system permissions are accurate.

- 25.16** Accounts for payment shall only be processed and paid on receipt of a properly certified invoice or other approved document.
- 25.17** Authorised officers shall use their normal signature for certification purposes, not their initials and shall also print their name in full.
- 25.18** Departments shall be responsible for ensuring that invoices are processed and passed for payment to Exchequer Services in sufficient time to meet any locally agreed payment targets (details of these targets are held in the Exchequer Section) and so that payment can be made through the weekly pay run.
- 25.19** Invoices are to be paid in accordance with normal terms of payment and are paid weekly via BACS; this may be varied in exceptional circumstances as agreed by the Strategic Director (Chief Financial Officer). Some examples of exceptional circumstances are where delay would cause hardship to individuals where the payment is in respect of a refund on a rent or benefit account or where essential services will be suspended if payment is delayed or any other reason agreed by the Strategic Director (Chief Financial Officer). In all cases the certifying officer shall document the reason for urgency on, or attached to, the invoice.
- 25.20** Assistant Directors shall be responsible for ensuring that the duties of ordering goods and certifying accounts for payment shall not all be performed by the same officer and accounts shall not be certified for payment by an officer who has personal control over the goods and services to which the accounts relate.
- 25.21** Assistant Directors shall, by a date specified by the Strategic Director (Chief Financial Officer) each year, supply details of all outstanding expenditure and income relating to the previous financial year to the Strategic Director (Chief Financial Officer) in line with the Council's Closure of Accounts process.
- 25.22** The Strategic Director (Chief Financial Officer) shall make such checks and impose such further examination as considered necessary to ensure that accounts for payment have been processed in accordance with these Regulations and Standing Orders and that the Council can legally make such a payment. The Strategic Director (Chief Financial Officer) shall report any instances of non-compliance to the relevant Strategic Director.
- 25.23** Officers certifying payment on behalf of the Council must have due regard to the VAT implications and comply with the instructions periodically issued by the Strategic Director (Chief Financial Officer). Any queries regarding VAT should be referred to the Finance Manager (Technical) or relevant authorised officer.
- 25.24** The Authorised Signatory List as Approved on the Scheme of Delegation is kept in Exchequer Services.

## **26. STOCKS AND STORES**

**CONTACT: Finance Manager (Technical)**

- 26.1** Each Assistant Director shall be responsible for the care and custody of the stocks and stores in his/her Business Units.
- 26.2** Stores shall be valued in accordance with accounting policies adopted by the Strategic Director (Chief Financial Officer).
- 26.3** All goods must be checked at the time of delivery, with regards to quantity, quality and compliance with any specification as soon as practical after delivery.
- 26.4** Assistant Directors shall be responsible for ensuring that a comprehensive record of stock balances, stock issues and receipts are maintained, including records of quantities, values and the person issued to.
- 26.5** Assistant Directors shall be responsible for ensuring that stocks and stores are not held in excess of reasonable requirements
- 26.6** Assistant Directors shall be responsible for ensuring that a system of continuous stocktaking shall operate in all stores with an average value of over £10,000. This system shall ensure that every commodity is checked at least once per annum, and fast moving, valuable and desirable items are checked more frequently. The Strategic Director (Chief Financial Officer) shall carry out such independent checks as she/he considers necessary. In addition, as part of the closure of accounts a signed stock certificate declaration is required for each stock account as requested by the Strategic Director (Chief Financial Officer). Assistant Directors shall provide the Strategic Director (Chief Financial Officer) with details and a signed certificate of the value of stores held in their department at the end of each financial year.
- 26.7** Individual deficiencies that exceed £500 shall be reported to the Strategic Director (Chief Financial Officer) for write off. Stores in excess of £500 that are considered to be surplus or obsolete shall also be reported for consideration for disposal (including by sale) or write off.

**27. ORDERING WORKS, GOODS AND SERVICES - CONTRACTS AND AGREEMENTS**

**CONTACT: Corporate Procurement Manager**

- 27.1** All purchases for works, goods or services are subject to the provisions contained in the Council's Contract Standing Orders.

**28. AMENDMENTS AND WAIVERS TO FINANCIAL REGULATIONS**

**CONTACT: Strategic Director (Chief Financial Officer)**

- 28.1** These Financial Regulations outline the minimum required to safeguard the Council's assets and interests. Any amendments to these Regulations shall be approved by **The Executive** and shall not come into force until approval has been given.
- 28.2** The waiving of Financial Regulations must be approved by the Strategic Director (Chief Financial Officer) and where appropriate with the **Executive** Member (Resources). In all cases Best Value must be demonstrated for a waiver to be approved. Waivers must be fully documented.
- 28.3** The Strategic Director (Chief Financial Officer) shall formally review these Regulations at three-yearly intervals.

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# CONTRACT STANDING ORDERS

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## SECTION 1 INTRODUCTION AND GENERAL REQUIREMENTS

- 1.1 Contract Standing Orders (CSO's) are a framework of rules, which must be adhered to when purchasing goods, services, works, income generating contracts or disposing of Council property. These Contract Standing Orders<sup>1</sup> have been established to ensure that the Council is compliant with UK legislation, follows best practice and achieves best value for money in its procurement activities. Contract Standing Orders do not apply to employment contracts or contracts for the sale or purchase of land or buildings<sup>2</sup>.
- 1.2 Contract Standing Orders promote good purchasing practice, public accountability, data transparency and help protect officers from any complaints. Following the rules is the best defence against any possible allegation that a purchase or disposal has been made incorrectly or inappropriately.
- 1.3 Officers responsible for purchasing goods, services, works, income generating contracts or disposing of Council property are bound by and have a duty to read and be familiar with Contract Standing Orders. Contract Standing Orders lay down **minimum** requirements. A more thorough procedure may be appropriate for a particular contract.
- 1.4 Officers must ensure that any necessary pre-purchasing steps have been taken. This may include<sup>3</sup>:
- conducting a value for money review
  - drafting a business case,
  - conducting pre procurement market engagement
  - considering any workforce implications including TUPE
  - health and safety and business continuity requirements
  - complying with *Key Decision requirements*
  - Equality Impact Assessment
  - GDPR (Data Protection)
  - Safeguarding considerations
  - Section 20 considerations if housing
  - Collaboration opportunities
  - considering Social Value
- 1.5 Unless an exemption provided for in Section 3 has been approved, it is a disciplinary matter to fail to comply with Contract Standing Orders. Responsibility for compliance rests with everyone who carries out procurement of goods, services or works (including contracts for consultancy) for or on behalf of the Council. The ultimate responsibility for identifying the need to start a procurement, creating the procurement, managing it through its contract term and requirement to re-procure rests with the Assistant Director for the relevant area.
- 1.6 Contract Standing Orders should be read in conjunction with the Council's Financial Regulations as appropriate. Officers should also consider the Corporate Procurement Strategy when considering embarking on a procurement<sup>4</sup>. Contract Standing Orders will be reviewed and updated on a periodic basis (the latest version will be held on the intranet).
- 1.7 Officers must also ensure that any agents or consultants acting on their behalf in purchasing or disposal matters also comply with the Council's Contract Standing Orders, Financial

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<sup>1</sup> Referred to from now on throughout this document as Contract Standing Orders or CSO's

<sup>2</sup> Contact the Recruitment Officer regards employee contracts (for the avoidance of doubt, contracts with agencies or companies who supply temporary staff are subject to CSO's) and the Estates Manager regards contracts for sale of land.

<sup>3</sup> Checklists to help ensure correct steps are addressed are available on the intranet under Procurement

<sup>4</sup> Corporate Procurement Strategy is held on the intranet under Procurement

Regulations and with all UK and European Union (EU) legal requirements.

1.8 **Contracts** mean any arrangement under which the Council pays or receives money or equivalent value for:

- a) goods;
- b) services;
- c) works;
- d) all types of disposals (excluding land and buildings); and,
- e) hire, rental or lease agreements.

1.9 Public Contract Regulations 2015 (PCR2015) set out what is legally required for UK public procurement. They are the UK specific version of EU Public Contracts Directive 2014 and are often referred to as EU procurement regulations. Thresholds for the purposes of PCR2015 are those set by the EU and referred to as EU thresholds. PCR2015 also contains some regulations for procurements below the EU thresholds such as the requirement to use Contracts Finder; these have been incorporated into the CSO's.

1.10 All contracts must be subject to competition, as follows:

Band 1	Up to £10,000	One quote (confirmed in writing if greater than £1,000)
Band 2	£10,001 – £75,000	Three quotes to a purchaser specification via the Council's e-tendering system
Band 3	£75,001 – EU Threshold	Invitation to Tender to at least three suppliers via the Council's e-tendering system
Band 4	Above EU Threshold	<i>PCR2015 Procedures</i> via the Council's e-tendering system

1.11 An officer must neither enter into separate contracts nor select a method of calculating the *Estimated Total Value* in order to circumvent the application of Contract Standing Orders or PCR2015.



**Clare Fletcher -Strategic Director**

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**For Further Advice on Contract Standing Orders:**

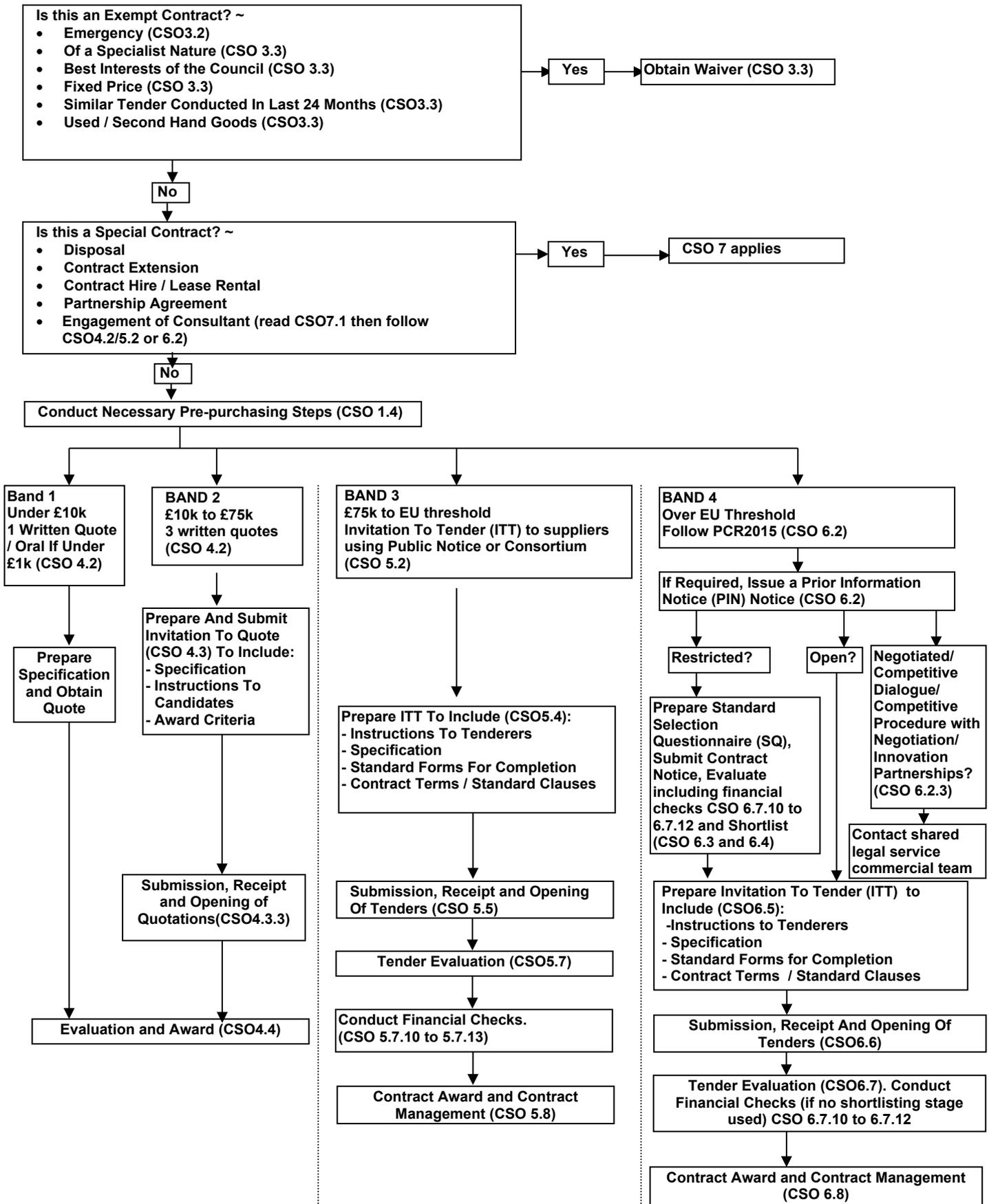
The authorised version of Contract Standing Orders and various supporting written guidance are held on the Council's intranet site, under "Procurement".

If you have any queries about the Contract Standing Orders or the various supporting written guidance please contact one of the following as appropriate:

- Corporate Procurement ext 2083 or ext 2775
- Finance ext 2933

**If you are unclear about the procurement rules please seek relevant advice before taking any purchasing or disposal action.**

## SECTION 2 CONTRACT STANDING ORDERS – EXPLANATORY FLOWCHART



NOTE: This guide is explanatory only and is not a suitable alternative for reading Contract Standing Orders

## SECTION 3 EXEMPTIONS TO CONTRACT STANDING ORDERS

- 3.1 An exemption under this Section allows an officer to partly depart from the normal contract action required in following Contract Standing Orders.

Contract Standing Orders shall not prevent expenditure being incurred where an emergency or disaster involving destruction of or danger to life or property occurs or is imminent. Where in the opinion of a Senior Leadership Team (SLT) member, in consultation if possible with the Chief Executive and the Assistant Director (Finance & Estates), (where over £250k the key decision urgency process also applies) the urgency of the situation will not permit delay, nothing in Financial Regulations or Contract Standing Orders shall prevent the Council from incurring the expenditure as an exemption. Where the contract value is over £75,001, action under this exemption shall be reported to the next meeting of the Executive Committee.

- 3.2 Subject to adhering to PCR2015 and any subsequent /associated UK legislation, the following exemptions from the requirement to obtain the requisite number of quotations or tenders must be the subject of prior and written approval by either the Assistant Director (Finance & Estates), the Borough Solicitor, or the Corporate Procurement Manager:

- a) For the purchase of goods, works or services which are of a specialist nature or are obtainable from only one or a limited number of Suppliers and there are no other satisfactory alternative options.<sup>5</sup>
- b) Where exceptional circumstances clearly show it is in the best interests of the Council to negotiate a new contract with an existing Supplier.<sup>6</sup>
- c) The goods or materials are sold at a fixed price or are wholly controlled by trade organisations or government order and no satisfactory alternative is available.
- d) Tenders or quotes for similar goods, works or services have been obtained in the last 24 months.
- e) The goods are classed as used or second hand - where the Borough Solicitor, the Assistant Director (Finance & Estates) or the Corporate Procurement Manager is satisfied that the market for such goods or materials is such that it would be unreasonable to tender or where the time required to complete the tender process is likely to lead to the loss of opportunity to purchase a used or second hand item and where the relevant officer has ensured that a Value for Money approach has been applied.

- 3.3 Once a request to waive Contract Standing Orders has been received, a Waiver Action Form will be completed by the Officer requesting the waiver and reviewed by the Approving Officer. A record of the decision approving or rejecting a waiver request and the reasons for it must be kept and an entry made in the waiver request register which will be maintained by the Corporate Procurement Manager

- 3.4 Officers applying the exemption rules in 3.3 must, **as a minimum**, draft a specification and use the Council's preferred contractual documents, where appropriate (as outlined in Section 5). Unless otherwise stated, Financial Regulations (including key decision processes) will still apply and will need to be adhered to.

- 3.5 Officers must complete a contract award notification form (ANF), if an exemption to CSO's is agreed which results in a change to existing contract details or constitutes the award of a

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<sup>5</sup> The officer must provide evidence to prove that there are no other satisfactory alternatives, such as a recent public notice where no suitable candidates responded.

<sup>6</sup> For example, where the Council have received consultancy services for a complex project and wish to employ the same consultant for additional consultancy services relating to that project, because the use of an alternative consultant would result in the loss of an important skillset or knowledge, which is not easily transferable.

new contract with a value over £5000, to enable the Council's contracts register to be updated.

- 3.6** Compliance with the EU Procurement Directives (including developing case law) and any UK legislation are considered to satisfy the Council's Contract Standing Orders and Financial Regulations. **No exemption shall be granted if the giving of that exemption would cause a breach of PCR2015 or subsequent / associated UK legislation.**

## SECTION 4 SPECIFIC REQUIREMENTS FOR CONTRACTS BELOW £75,000 (BAND 1 AND 2)

### 4.1 Overview

Band	Estimated Contract Value	Minimum No. of Quotes	Contract Signature
1	Up to £10,000	At least one oral quote (written if over £1,000)	Officers authorised to sign purchase orders within this value banding.
2	£10,001 to £75,000	At least three written quotations to a purchaser specification.	Officers authorised to sign contracts within this value banding <sup>7</sup>

Where the preliminary estimated contract value is within 10% of a higher category value, the appropriate provisions for the higher category of contract should be applied (unless the preliminary estimate is based on a firm quote). If the existing contract you are using has a total contract value within the Band 2 threshold and you anticipate the new final contract total may be within the Band 1 threshold, you must still continue to follow the Band 2 process unless the new contract is fundamentally different.

The value of any contract is calculated on the basis of the total value of the consideration (usually the cost payable but may include any benefit in kind or other benefit to the contractor) estimated to be payable over the entire contract period. Contract periods should be appropriate to the market in question and not artificially shortened to bring the value into a particular band. It should also be considered if the requirement can be combined across the council, or combined with similar works e.g. electrical works needed over x years rather than singular works to various buildings over multiple contracts, to provide the council with better value.<sup>8</sup>

#### Band 1

Contracts with a value between £5001 and £10,000 should be considered as to whether conducting a procurement exercise would be more expensive in officer time than the value of any savings, if that is the case a band 1 waiver form must be submitted to your Tier 4 manager or AD if you are Tier 4 for approval before proceeding. This is more likely to apply to services and works, where quality has to be assessed or site visits to quote arranged and unlikely to apply to goods.

### 4.2 Supplier Selection

- 4.2.1 Suppliers invited to quote within these bands can be sourced from any means, including the Internet, suppliers registered on [www.supplyhertfordshire.uk](http://www.supplyhertfordshire.uk) or based on previous satisfactory experience with the Council. There is no requirement to issue public notices for contracts within these bands, although this may be appropriate in some instances. However, when inviting quotations in Band 2, Officers must invite a Stevenage based supplier if one such exists on [www.supplyhertfordshire](http://www.supplyhertfordshire) and is appropriate for the requirement. If no Stevenage based look to Hertfordshire based as this supports the Councils community wealth building agenda. Officers should also document the reasons for selecting the suppliers (such evidence may be required should the decision be challenged at a later date).

If you are sourcing contracts of a similar nature on a regular basis i.e. low value bespoke

<sup>7</sup> As per the authorised contract signatory list held by Exchequer Services.

<sup>8</sup> Guidance document "Estimating the total value of your procurement correctly" is available on the intranet under Procurement.

building alterations it is a requirement to ensure that you invite at least one supplier not invited last time so that more suppliers are given the opportunity to quote for the Council's business.<sup>9</sup>

## Framework Agreements

4.2.2 Framework agreements let by other contracting authorities, where the council has been named as being able to use the framework agreement, can be used. Examples of contracting authorities that let framework agreements of this nature are: Crown Commercial Services (CCS), Eastern Shires Purchasing Organisation (ESPO), Procurement for Housing (PfH), Homes England, and Yorkshire Purchasing Organisation (YPO).

4.2.3 The officer may utilise any of the above purchasing consortiums framework agreements (or any other framework agreements approved by either the Corporate Procurement Manager or Borough Solicitor). Any procedures provided by the purchasing consortium must be followed; generally mini competition is likely to achieve the best value as it allows Contractors to submit tailored bids to our requirement.

Direct Award is not available on all frameworks, where it is an option then generally it is only permitted if the officer can establish that best value considerations have been taken into account and one of the below applies;

- The framework is sole supplier; or
- Pricing and Terms have been fully pre-agreed under the framework agreement and there are no changes being made as part of the call off and where best value can be proven only from information published; or
- Where there is a ranked call off provision; or
- Where the framework has established alternative specific rules on determining a direct award that can be properly complied with.

4.2.4 Where Direct Award is not available under the rules of the framework or it is envisaged better value can be achieved via mini competition then the officer must follow the procedures provided by the contracting authority to conduct the mini competition amongst the suppliers on the framework. It is not permitted to include suppliers in the mini-competition who are not listed on the framework.

4.2.5 Officers should use existing contracts where these are provided for and suitable, details of which can be found on the shared drive under Corporate> Central Contracts Database. Officers must liaise with the contract manager of the contract before proceeding to ensure they are compliant. All procurement of ICT Hardware and Software must be in consultation with the IT team.

4.2.6 In exceptional circumstances and for contract values under £1,000 only, an officer may be permitted to contract with a supplier or group of suppliers without first obtaining an oral quote. In this instance, the officer must first submit the request in writing to either the Assistant Director (Finance & Estates), Corporate Procurement Manager, or the Borough Solicitor and obtain his or her prior written approval before awarding the contract(s).<sup>10</sup>

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<sup>9</sup> Guidance on supplier selection at quote level is available on the intranet under Procurement

<sup>10</sup> An example of where this may be acceptable would be contracting with a supplier to top up of the Depot's bulk fuel storage facility. The charge per litre will have been pre-agreed before awarding a contract, but the number of litres to be supplied will not be known until the goods have been supplied.

### **4.3 The Invitation to Quote (Band 2 only)<sup>11</sup>**

- 4.3.1 Officers must provide adequate instructions to respondents, outlining what is required (specification), in what format and by when. The Invitation to Quote<sup>12</sup> should also define the award criteria, whether lowest cost or most economically advantageous quote (See 5.4.1). Officers are reminded that further instructions may be necessary depending on the nature of the contract. For example, specific insurances and equality requirements may be appropriate where the purpose of the contract is to supply services directly to the public.
- 4.3.2 The officer responsible for the purchase may consult potential Suppliers prior to the issue of the Invitation to Quote in general terms about the nature, level and standard of the supply, contract packaging and other relevant matters provided this does not prejudice any potential Supplier.
- 4.3.3 Quotations must be submitted through the In-Tend e-tendering system. If there is a reason why Intend cannot be used, this needs to be agreed with the Corporate Procurement Manager in advance of the procurement<sup>13</sup>. A return date must be specified and adhered to. When using In-Tend the receiving officer can open the returns as soon as the system makes them available.
- 4.3.4 Suppliers must be given a minimum of 5 working days to respond to an invitation to quote, but they may require longer timescales if the contract is considered complex in any way.

### **4.4 Contract Evaluation and Award (Band 2 only)**

- 4.4.1 To ensure adequate competition, there must be at least two satisfactory responses from the three quotations requested (unless using a framework) i.e. responses which meet a minimum quality standard under which the Council could award the contract. If the Council receives only one satisfactory response, the officer must not open the responses until talking to Corporate Procurement who will determine if the officer should obtain an additional quote, re-run as an advertised process or obtain an exemption under CSO 3.3.
- 4.4.2 All quotes must be evaluated based on the defined award criteria in the Invitation to Quote. Post tender negotiation may be used for certain contracts, in accordance with CSO's 5.7.6 and 5.7.7.
- 4.4.3 If the quoted contract value for the preferred supplier falls into the higher band 3 (£75,001 to the EU threshold) when processes for the lower Band 2 were followed, the officer must provide either the Assistant Director (Finance & Estates), the Borough Solicitor or the Corporate Procurement Manager with a written explanation and supporting evidence as to the basis for estimating the contract value at the lower band. The Borough Solicitor, Assistant Director (Finance & Estates) or Corporate Procurement Manager will decide whether the contract should be re-tendered following the procedures within the higher band.
- 4.4.4 Officers must not agree to contract conditions where payment is made before the goods, works or services are received, unless otherwise approved in writing by either the Corporate Procurement Manager, the Assistant Director (Finance & Estates), or the Borough Solicitor. Staged payments are acceptable but must be proportionate to the cost of the goods, works or services received.

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<sup>11</sup> A checklist is available on the intranet under staff into/finance/corporate procurement to help you through the steps of a quote process.

<sup>12</sup> SBC invitation to quote templates are available on the intranet under Procurement

<sup>13</sup> An example of an exemption could be where we are not in a market position to impose the use of Intend.

- 4.4.5 Successful and unsuccessful Suppliers must be informed of the decision within 14 days of the closing date and feedback provided, if requested.
- 4.4.6 Contracts or agreements over £5,000 must be signed by an authorised signatory. If there is no written contract, the authorised signatory must confirm in writing (either via letter or email) that the quote has been accepted, stating the cost and any other terms (such as payment terms and delivery date) to which the Council is agreeing to. In the absence of a written contract, a Purchase Order containing the above mentioned information and signed by an authorised signatory is sufficient.
- 4.4.7 For contracts over £5,000, an **Award Notification Form must be completed and passed to Corporate Procurement** (the Award Notification Form is found on the intranet). The contract will then be entered onto the Central Contracts Database by Corporate Procurement.
- 4.4.8 All documentation must be kept in accordance with the Document Retention Schedule which can be found on the intranet.

## SECTION 5 CONTRACTS BETWEEN £75,001 AND EU THRESHOLD<sup>14</sup>

### 5.1 Overview

Band	Estimated Contract Value	Minimum No. of Respondents	Contract Signature
3	£75,001 to EU Threshold (see CSO 6.1 for EU values)	N/A unless restricted process <sup>15</sup>	Officers authorised to sign contracts within this value banding <sup>16</sup> , unless under seal (see CSO 5.8.7)

Where the preliminary Estimated Contract Value is within 10% of a higher category value, the appropriate provisions for the higher category of contract should be applied (unless the preliminary estimate is based on a firm quote). If the existing contract you are using has a total contract value within the Band 3 threshold and you anticipate the new final contract total may be within the Band 2 threshold, you must follow the Band 3 process unless the new contract is fundamentally different.

The value of any contract is calculated on the basis of the total value of the consideration (usually the cost payable but may include any benefit in kind or other benefit to the contractor) estimated to be payable over the entire contract period. Contract periods should be appropriate to the market in question and not artificially shortened to bring the value into a particular band. It should also be considered if the requirement can be combined across the council, or combined with similar works e.g. electrical works needed over x years rather than singular works to various buildings over multiple contracts, to provide the council with better value.

<sup>17</sup> Collaboration with other Hertfordshire authorities is encouraged and can be promoted via the Hertfordshire Procurement Group by talking to Corporate Procurement.

### 5.2 Supplier Selection: Public Notice & Purchasing Consortium

5.2.1 Within this contract value banding, a public notice or a suitable framework agreement that the council is entitled to use can be used.

#### Public Notice

5.2.2 If the chosen method is a public notice, officers must follow the: Open procedure – all Suppliers expressing an interest are sent an Invitation to Tender (ITT) and all responses are evaluated. An exception can be made for Works contracts with a value between EU services threshold and the EU works threshold which allows for restricted PCR2015 procedures.

The Public notice will be placed via the Corporate Procurement team on the Councils E procurement system In-Tend, on the government website “Contracts Finder” and additionally may be placed via OJEU (or equivalent) in order to maximise competition. The notice will state how to register on the In-Tend system, the scope of the requirement and the deadline for submission.

#### Framework Agreements

5.2.3 Framework agreements let by other contracting authorities, where the council has been named as being able to use the framework agreement ,can be used. Examples of

<sup>14</sup> Checklists are available on the intranet under Procurement to assist you with the process

<sup>15</sup> If using restricted process for works invite at least three to tender where sufficient sq's qualify

<sup>16</sup> As per the Authorised Signatory list held by Exchequer Services.

<sup>17</sup> Guidance document “Estimating the total value of your procurement correctly” is available on the intranet under Procurement.

contracting authorities that let framework agreements of this nature are: Crown Commercial Services (CCS), Eastern Shires Purchasing Organisation (ESPO), Procurement for Housing (PfH), Homes England, Yorkshire Purchasing Organisation (YPO).

5.2.4 The officer may utilise any of the above purchasing consortiums framework agreements (or any other framework agreements approved by either the Corporate Procurement Manager or Borough Solicitor). Any procedures provided by the purchasing consortium must be followed, generally mini competition is likely to achieve the best value as it allows Contractors to submit tailored bids to our requirement.

Direct Award is not available on all frameworks, where it is an option then generally it is only permitted if the officer can establish that best value considerations have been taken into account and one of the below applies;

- The framework is sole supplier; or
- Pricing and Terms have been fully pre-agreed under the framework agreement and there are no changes being made as part of the call off and where best value can be proven only from information published; or
- Where there is a ranked call off provision; or
- Where the framework has established alternative specific rules on determining a direct award that can be properly complied with.

5.2.5 Where Direct Award is not available under the rules of the framework or it is envisaged better value can be achieved via mini competition then the officer must follow the procedures provided by the contracting authority to conduct the mini competition amongst the suppliers on the framework. It is not permitted to include suppliers in the mini-competition who are not listed on the framework.

### 5.3 Not Used

### 5.4 The Invitation to Tender

5.4.1 The **Instructions to Tenderers**<sup>18</sup> must, as a minimum, include the following:

- a) List the information which must be provided by the supplier in their response, including any forms, tables or pricing schedules to be completed.
- b) State the method of response required. All tenders shall be issued through the Council's E-tendering System – In-Tend (see CSO 5.5).
- c) Outline a timetable for the remainder of the procurement exercise, detailing the closing date for receipt of responses, the evaluation period and when a response on contract award is expected.
- d) State the method which will be via In-Tend and the deadline for obtaining additional information or clarification (usually 7-14 days before the closing date for receipt of responses) and that additional information requested will be distributed to all suppliers (this should be distributed to all suppliers at the same time through Intend no later than one week before the closing date for receipt of responses<sup>19</sup>).
- e) Outline how the responses will be evaluated, listing the appropriate award criteria and their relative weightings, which shall be selected from one of the following:
  - i) "most economically advantageous" offer i.e. where considerations other

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<sup>18</sup> An template Invitation to Tender can be requested from Corporate Procurement.

<sup>19</sup> A Clarification/Query template spreadsheet is available from corporate procurement

than price also apply. The award criteria may include price, service, quality of goods, running costs, previous experience, delivery date, cost effectiveness, relevant environmental considerations, employment considerations, aesthetic and functional characteristics, safety, after-sales services, technical assistance, contract terms and conditions and any other relevant matters.

- ii) "lowest price" (only if approved by Corporate Procurement)
- f) State that late responses will not be considered unless it is proven that a third party is at fault and that the Council is not bound to accept any Tender.
- g) State the price validity period (usually up to a maximum of six months).
- h) Provide a statement to the effect that under the Freedom of Information Act (2000), the Council may be obliged to provide information regarding the procurement exercise or a subsequent contract award and that respondents will be advised of any requests for information and be given an opportunity to comment before disclosure of such information (information whose disclosure would be likely to prejudice anyone's commercial interests is exempt from disclosure provided the public interest in withholding the information outweighs the public interest in disclosing it)
- i) The level of economic and financial standing required
- j) The level of insurance required
- k) Any Pass/Fail elements or minimum thresholds to be met

5.4.2 An adequate **specification** must be included. The specification must describe clearly the Council's requirements in sufficient detail to enable the submission of competitive offers.

5.4.3 For contracts within this value banding, the following **Standard Forms**<sup>20</sup> should either form part of the Invitation To Tender and should be included in the final contract documentation:

- a) Form of Tender
- b) Certificate that the Tender is Bona Fide
- c) Parent Company Guarantee (if applicable).
- d) Performance Bond Certificate (if applicable).
- e) Insurance requirements

5.4.4 Where appropriate to the type of contract being let, the officer should use standard industry contracts ie JCT<sup>21</sup> or the **Council's own standard contracts**, such as the "Stevenage Borough Councils (SBC) High Value Service Contract". Where the Council does not supply a suitable standard contract for the type of contract being let, the officer should liaise with Shared Legal Services to identify contract terms relevant to that specific contract. The officer must seek advice from the Shared Legal services Commercial law team if he/she is unclear as to what terms and conditions should be included in the contract. It should be stated in the Invitation to Tender and final contract documentation that these clauses will prevail over any supplier contract clauses. SBC's standard clauses and contracts are available from

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<sup>20</sup> Standard Forms can be obtained from corporate procurement

<sup>21</sup> Standard amendments to JCT Minor Works or Measured Term contracts are available from Corporate Procurement

corporate procurement. <sup>22</sup>

- 5.4.5 Suppliers invited to tender must be given an adequate period in which to prepare and submit a proper tender, consistent with the urgency of the contract requirement. Normally at least **four weeks** should be allowed for submission of Tenders but this can be less if the Contracting Officer has ascertained, during pre procurement market engagement , that a lesser time period is practical and realistic. All tender documents for a contract shall be despatched to the Suppliers invited to tender on the same day via in-Tend.
- 5.4.6 Pre-procurement engagement with the market (including talking to potential suppliers) is not prohibited by PCR2015, nor is it subject to any detailed procedures provided that it does not prevent an effective competition taking place once the procurement has started. In fact, engaging with the market before starting the formal procurement process is best practice and helps to maximise value for money from the resulting procurement.<sup>23</sup>
- 5.4.7 A tender period can be extended if there are justifiable reasons and it is practical to do so. The reasons for any extension of time should be recorded and communicated in writing to all respondents ideally at least one week prior to the closing date.
- 5.4.8 Suppliers must demonstrate that they carry a range and level of insurance cover acceptable to the type of contract being let. As a starting point it would be prudent to assume the following minimum levels of indemnity, Public Liability £5m, Employers Liability £10m (although the legal minimum is £5m), Professional Indemnity £2m, Products Liability between £1m and £5m. These must be reviewed for adequacy in light of the various risk factors affecting the contract. Only in very low risk scenarios would levels of indemnity lower than these be acceptable .If in doubt, contact the Council's Insurance Officer.<sup>24</sup>
- 5.4.9 The advice of the Shared Legal Service Commercial law team must be sought as necessary, particularly for contracts which are complex.

## **5.5 Submission, Receipt and Opening of Tenders**

- 5.5.1 Tenders shall be submitted through the Council's E-tendering System – In-Tend. Instructions on how to register on the e-tendering system must be provided in the public notice. The system sends full guidance documents on how to use the system to respondents when they register and has on line guidance at every stage. Within the Invitation to Tender documents Respondents must be provided with a contact point in case they experience any problems in using the E-Tendering system Respondents must also be advised that failure to advise the Council of the problem **before** the deadline for return of tenders will mean they have lost their opportunity to tender. Where a notification of a problem is received in time, consideration should be given to extending the deadline for submission and all tenderers should be advised accordingly of any extension of time.

## **5.6 Not Used**

## **5.7 Tender Evaluation**

- 5.7.1 The following should be checked by the Officer:
- a) The Tenders are actually from the Suppliers invited to tender (where using a framework or restricted process);

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<sup>22</sup> It is prudent that Officers obtain the standard clauses and contracts as and when the procurement need arises, as they are subject to change.

<sup>23</sup> Further information on pre procurement market engagement is available on the intranet under Procurement

<sup>24</sup> An insurance checklist can be found on the intranet under staff info/finance/insurance

- b) That there are no errors or omissions in the completion of the documents;
- c) Where a check of the prices quoted suggest collusion among tenderers or 'ring' pricing, the case should be referred to the Assistant Director (Finance & Estates).

5.7.2 To ensure adequate competition, there must be at least two satisfactory responses to the Invitation to Tender i.e. two responses which meet the minimum quality threshold. If there is only one satisfactory response, the officer must either re-tender the contract, advising respondents accordingly, or obtain an exemption under CSO 3.3.

5.7.3 Where necessary, clarifying some aspect of a Tender response in writing or by way of a meeting is permitted. If a meeting is held then relevant notes should be made of the results of the meeting and matters should be confirmed in writing for contractual purposes.

5.7.4 The officer must use the award criteria and measurement system<sup>25</sup> as set out in the Invitation to Tender. The measurement system may include the following 4 elements:

- a) Any pass/ Fail considerations
- b) A point scoring system for individual quality/value for money considerations.
- c) Weightings applied to quality/value for money issues in accordance with their importance to the completion of the contract.
- d) A "Quality Threshold" which sets the minimum standard expected. Tenders which fall below this shall be excluded from consideration.

5.7.5 The Procurement process should take no longer than 10 months from issue of advertisement to award of contract. Should the procurement process take longer than 10 months, authorisation must be sought from the Borough Solicitor, Assistant Director (Finance & Estates) or Corporate Procurement Manager to proceed with the contract award.

5.7.6 **Within (and below) this contract value banding only, *Post-Tender Negotiations* may be used**, providing the officer justifies the need for post tender negotiation in writing to either the Assistant Director (Finance & Estates), the Borough Solicitor or the Corporate Procurement Manager and that the request is authorised by either the Assistant Director (Finance & Estates), the Borough Solicitor or the Corporate Procurement Manager in writing. Post-Tender Negotiations will only be authorised when lawful and will normally only be approved in the following instances:

- a) Procurement exercises involving the purchase of application software.
- b) The procurement of goods, works or services in respect of which the Council has no or inadequate experience.
- c) For any supply of any goods or services where the leading bid is above budget, price reduction measures are necessary and the Tender cannot be clarified readily to produce a reduced price.

5.7.7 Negotiations must be conducted by a team of at least two suitable officers with the involvement of Shared Legal Services Commercial Law team, as required. Changes should be confirmed in writing for contractual purposes. Where Post Tender Negotiation results in a significant change to the specification (or contract terms) the contract must not be awarded but re-tendered.

5.7.8 Officers must not agree to contract conditions where payment is made before the goods,

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<sup>25</sup> A sample criteria and measurement template can be found on the intranet under Procurement.

works or services are received, unless otherwise approved in writing by either the Corporate Procurement Manager, the Assistant Director (Finance & Estates) or the Borough Solicitor. Staged payments are acceptable but must be proportionate to the cost of the goods, works or services received and must be submitted for checking to Treasury and Capital in Accountancy, see CSO 5.8.10.

- 5.7.9 If the tendered contract value for the preferred Supplier falls into the higher band 4 (above the EU threshold) when processes for the lower Band 3 were followed, the officer must provide either the Assistant Director (Finance & Estates), the Borough Solicitor or the Corporate Procurement Manager with a written explanation and supporting evidence as to the basis for estimating the contract value at that lower band. The Borough Solicitor, Assistant Director (Finance & Estates) or Corporate Procurement Manager will decide whether the contract should be re-tendered following the procedures within the higher band.

#### Checks on Financial Status

- 5.7.10 For contracts within this value banding, the officer must ensure the supplier has the level of economic and financial standing that they self certified that they have. To do so obtain two years annual accounts for the preferred Supplier before contract award (unless this is not possible, for example where a company has recently been established). Annual accounts are to be provided to Corporate Procurement, who will check that the supplier self certified correctly. Please allow at least 1 week for this process to be completed.
- 5.7.11 If the financial check reveals an unsatisfactory appraisal, yet the officer still wishes to use the Supplier, he/she must submit a written request to the Assistant Director (Finance & Estates) or nominated deputy for his/her approval. Any conditional approval given by the Assistant Director (Finance & Estates) or nominated deputy must be strictly complied with.
- 5.7.12 At the discretion of Corporate Procurement, financial checks may not be necessary for specific Suppliers. For example, where the contracting body is a local authority.
- 5.7.13 All contracts in this value banding with a term of over 24 months will need to be registered with Corporate Procurement for monitoring updates on financial status.

### **5.8 Contract Award and Contract Management**

- 5.8.1 Consult Financial Regulations to ascertain the correct process to gain approval to award<sup>26</sup>
- 5.8.2 All Suppliers who have expressed an interest in a proposed contract should be notified in writing through the Council's E-tendering system whether they have or have not been successful in winning the contract. Where the contract is awarded on the most economically advantageous grounds, tenderers should be notified of their score against each award criteria, the score the winning tenderer obtained and the name of the winning tenderer. If requested additional feedback should be provided.
- 5.8.3 All contracts in this value band will be in the form of a letter of acceptance signed by an officer authorised to sign contracts within this value banding and countersigned by an authorised signatory for the supplier (together with any relevant contractual documentation as per bullet (h) under CSO 5.8.5, unless:
- a) another contractual document constitutes the **entire** agreement and has a section for contract signature by both parties, in which case, this document must be signed by an authorised contract signatory, or

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<sup>26</sup> An Approval flowchart is available to assist on the intranet under Procurement

b) the contract is required to be sealed under CSO 5.8.7.

5.8.4 Letters of Intent shall only be used in exceptional circumstances and with the approval of the Borough Solicitor who should be satisfied that they are adequately worded.

5.8.5 The following must be included in the acceptance letter:

- a) Any contract reference
- b) Description of the work, service or goods
- c) The contract price (exclusive of VAT)
- d) That the acceptance letter must be acknowledged and returned to the Council
- e) Either the commencement date of the contract or how the *Supplier* is to be notified of the commencement date
- f) The contract period and/or completion date
- g) The name of officer in charge of the contract and his or her telephone number.
- h) Detail the Contract documents (e.g. tender, correspondence, specification, drawings, KPI's, project brief/proposal, terms and conditions and forms for completion as relevant to the contract concerned). A copy of these documents should be enclosed with the acceptance letter for the *Supplier's* retention.

5.8.6 If acceptance of a tender is for any reason delayed beyond the appropriate tender price validity period, the Supplier must be asked to confirm his tender in writing before the acceptance is issued. This letter of confirmation must be included as part of the contract. If the recommended tenderer submits a revised price, the Shared Legal Services commercial law team must be consulted for advice on how to proceed.

5.8.7 A contract must be sealed<sup>27</sup> in the following cases:

- a) For all formal construction/works contracts over the current EU services threshold (see 6.1)
- b) Where an extended limitation period of 12 years is required (the normal limitation period is 6 years after the end of the contract).

5.8.8 **For contracts within this value banding, an electronic award notification form (ANF) must be completed and passed to Corporate Procurement** (the award notification form is found on the intranet **An electronic copy of the contract pack must be provided to Corporate Procurement for the Central Contracts Database followed by a scan of the fully signed acceptance letter or relevant contract pages holding signatures/seals at point of execution.** Contracts, for the purpose of this exercise, will range from a simple letter confirming pricing and using standard Supplier terms and conditions to a large contractual document drafted by Legal. Contracts will also cover one off purchases and schedules of rates.

5.8.9 **It is essential that the ANF form is completed and passed to Corporate Procurement within 10 working days of award so that the details can be published on Contracts Finder where the value is over £25,000. It is a legal obligation of the Public Contracts Regulations 2015 to publish award notices of this value and above on Contracts Finder.**

5.8.10 All interim valuations and final accounts in respect of staged payment contracts must also be submitted for checking by Treasury and Capital in Accountancy who will record it in the

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<sup>27</sup> Sealing process is detailed on the intranet under Procurement.

Central Contracts Database, before they are sent for payment to Exchequer.

- 5.8.11 The officer may wish to use a contract management checklist to ensure all required steps have been followed. An example checklist can be found on the intranet under "Procurement", although Business Units may use their own forms to reflect their special requirements.
- 5.8.12 All documentation and records of communications pertaining to the tender must be kept in accordance with Document Retention Schedule which can be found on the intranet.
- 5.8.13 The officer must monitor and manage the performance of the Supplier throughout the contract to ensure that requirements are delivered satisfactorily. In performing this task the officer must monitor:
- a) Work performance
  - b) Compliance with specification and contract terms and conditions
  - c) Cost
  - d) Any Value for Money requirements
  - e) User satisfaction
  - f) Risk management

Further guidance is available on the intranet under "Procurement".

## SECTION 6 CONTRACTS ABOVE THE EU THRESHOLD (BAND 4)

### 6.1 Overview

Band	Category	Estimated Contract Value / EU Thresholds <sup>28</sup>	Minimum Number of Suppliers Short Listed		Shortlist Approval	Contract Signature
			Procedure	No		
4	Service Contracts	Above £189,330	Open Restricted Negotiated Competitive Dialogue Competitive Procedure with Negotiation Innovation Partnership	N/A 5 3 3  3  3	Strategic Director or relevant Assistant Director	Under Seal
4	Supplies Contracts	Above £189,330	Open Restricted Negotiated Competitive Dialogue Competitive Procedure with Negotiation Innovation Partnership	N/A 5 3 3  3  3	Strategic Director or relevant Assistant Director	Under Seal
4	Works Contracts	Above £4,733,252	Open Restricted Negotiated Competitive Dialogue Competitive Procedure with Negotiation Innovation Partnership	N/A 5 3 3  3  3	Strategic Director or relevant Assistant Director	Under Seal

(See also Appendix B for PCR2015 timescales)

A check list can be found on the intranet to guide procuring officers through the tender exercise (under the “Procurement” section). Further advice should be sought by contacting Corporate Procurement.

The value of any contract is calculated on the basis of the total value of the consideration (usually the cost payable but may include any benefit in kind or other benefit to the contractor) estimated to be payable over the entire contract period. Contract periods should be appropriate to the market in question and not artificially shortened to bring the value into a particular band. It should also be considered if the requirement can be combined across the council, or combined with similar works e.g. electrical works needed over x years rather

<sup>28</sup> EU threshold values were current as at 1<sup>st</sup> January 2020, but are subject to change. Please check the latest EU threshold values on the intranet under Procurement.

than singular works to various buildings over multiple contracts, to provide the council with better value.<sup>29</sup>

Collaboration with other Hertfordshire authorities is encouraged and can be promoted via the Hertfordshire Procurement Group by talking to Corporate Procurement.

## 6.2 Public Contracts Regulations 2015 (PCR2015)

6.2.1 The detailed complex advertising, tendering and reporting processes imposed by the Public Contracts Regulations 2015 are not fully covered in Contract Standing Orders. Separate advice and instructions may be issued from time to time by the Corporate Procurement Manager and Shared Legal Services Commercial Law team relating to PCR2015. Such advice and instructions will be deemed to be incorporated into Contract Standing Orders and can be found on the intranet under "Procurement". In the event of any conflict between Contract Standing Orders and PCR2015, PCR2015 will prevail.

6.2.2 Works contracts generally fall under the scope of construction projects, such as new build, or major renovations involving the bringing together of different services and supplies. PCR2015 is very specific as to what falls into their definition of 'Works' so do not assume 'Works' without consulting with Corporate Procurement or Shared Legal Services Commercial Law team. If in doubt apply the Services or Supplies thresholds. Some services, such as Legal and postal services follow a light touch regime which does not need the full PCR2015 rules<sup>30</sup> to be followed.

6.2.3 'Open, restricted, negotiated, innovation partnership, competitive procedure with negotiation and competitive dialogue procedures' are the procurement procedures applied via PCR2015<sup>31</sup>, whereby:

- a) in the case of **open procedures**, any interested Supplier may submit a tender;
- b) In the case of **restricted procedures**, any Supplier may request to participate and only suppliers invited by the Council after short listing may submit a tender;
- c) In the case of the **negotiated procedures**, the Council consults with the Supplier of its choice and negotiates the terms of the contract with one or more of these.
- d) In the case of the **competitive dialogue procedure**, the Council conducts a dialogue with the suppliers admitted to that procedure, with the aim of developing one or more suitable alternatives capable of meeting its requirements, and on the basis of which the suppliers chosen are invited to tender.
- e) In the case of the **innovation partnership** the Council conducts a dialogue with the suppliers admitted to that procedure, with the aim of developing a new product or service not currently on the market
- f) In the case of the **competitive procedure with negotiation**, any Supplier may request to participate and only suppliers invited by the Council after shortlisting may submit a tender.

6.2.4 The advice of the Corporate Procurement Manager and/or the Shared Legal Services Commercial Law team must be sought where following PCR2015 especially if intending to

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<sup>29</sup> Guidance document "Estimating the total value of your procurement correctly" is available on the intranet under Procurement.

<sup>30</sup> The list of Works, Services and Supplies categories (including exempt Light Touch service categories) can be found on the intranet under Procurement.

<sup>31</sup> The negotiated, innovation partnership, competitive procedure with negotiation or competitive dialogue procedure should only be considered after consultation with the Corporate Procurement Manager or the Shared Legal service Commercial law team.

use the negotiated, innovation partnership, competitive procedure with negotiation or competitive dialogue procedure.

- 6.2.5 The officer must confirm as appropriate that Prior Information Notices (PIN), Contract Notices and Contract Award Notices, where required for PCR2015, have been placed in the Official Journal of the European Union using the In-Tend E-tendering system. The Corporate Procurement Team will assist with this.

A PIN Notice (Prior Information Notice) or a PIN with call for competition can be issued via OJEU anytime between 12 months and 35 days prior to the issuing of a Contract Notice. The issuing of a PIN will shorten the minimum timescales for tender response (see Appendix B).

### **6.3 Supplier Selection**

- 6.3.1 Under PCR2015, the officer must liaise with Corporate Procurement to place a Contract Notice to the Official Journal of the European Union (OJEU). Public notices may also be placed in trade journals and approved Suppliers can be advised of the tender exercise, so long as this is done after the OJEU advertisement has been published on Tenders Electronic Daily (TED) or 48hrs from when it was sent to TED whichever is the lesser.

- 6.3.2 Framework agreements managed by other contracting authorities can be used when the contract value is above the EU Threshold, so long as the contracting authorities have awarded the framework agreement in accordance with PCR2015 and on behalf of the Council. Where it is proposed to use a framework agreement for a procurement above the EU threshold, approval must first be sought from either the Borough Solicitor, Assistant Director (Finance & Estates) or the Corporate Procurement Manager

- 6.3.3 Any procedures provided by the purchasing consortium must be followed; generally mini competition is likely to achieve the best value as it allows Contractors to submit tailored bids to our requirement.

- 6.3.4 Direct Award is not available on all frameworks, where it is an option then generally it is only permitted if the officer can establish that best value considerations have been taken into account and one of the following apply;

- The framework is sole supplier; or
- Pricing and Terms have been fully pre-agreed under the framework agreement and there are no changes being made as part of the call off and where best value can be proven only from information published; or
- Where there is a ranked call off provision; or
- Where the framework has established alternative specific rules on determining a direct award that can be properly complied with.

Where Direct Award is not available under the rules of the framework or it is envisaged better value can be achieved via mini competition then the officer must follow the procedures provided by the contracting authority to conduct the mini competition amongst the suppliers on the framework. It is not permitted to include suppliers in the mini-competition who are not listed on the framework.

### **6.4 Short Listing**

- 6.4.1 Short Listing will be applicable if the Council is using the restricted procedure, as outlined in PCR2015.

- 6.4.2 For contracts within this value banding (unless utilising an approved framework) a financial

check must be undertaken as part of the evaluation process. See CSO 6.7.10.

- 6.4.3 All Suppliers who have expressed an interest in a proposed contract should be notified in writing whether they have or have not been successful in making the next stage within 30 days of the deadline for receipt of expressions of interest. Feedback should be provided in the letter.
- 6.4.4 The Supplier's experience, economic and financial standing, manpower and equipment or their ability to perform the contract by the anticipated deadline ('qualitative selection criteria') should be considered at the Short listing stage using the current Crown Commercial Service approved Standard Selection questions (formally known as pre-qualification questions), as the Council is precluded from taking these factors into account as 'award criteria' within the tender stage.<sup>32</sup> When using the open procedure these factors should be considered as part of the tendering process.

## **6.5 The Invitation to Tender**

- 6.5.1 The Instructions to Tenderers<sup>33</sup> must, as a minimum, include the following:
- a) List the information which must be provided by the Supplier in their response, including any forms, tables or pricing schedules to be completed
  - b) State the method of response required. All tenders must be issued through the Council's E-tendering System – In-Tend (see CSO 5.5).
  - c) Outline a timetable for the remainder of the procurement exercise, detailing the closing date for receipt of responses, the evaluation period and when a response on contract award is expected
  - d) State the method and deadline for obtaining additional information or clarification (usually 14-21 days before the closing date for receipt of responses) and that additional information requested will be supplied to all respondents (this should be supplied to all suppliers at the same time no later than 7 days before the closing date for receipt of responses<sup>34</sup>)
  - e) Set out in detail how the responses will be evaluated, listing award criteria and weightings as you will not be able to introduce new award criteria or weightings later. The appropriate award criteria shall be selected from one of the following:
    - i) "most economically advantageous" offer i.e. where considerations other than price also apply. These may include price, service, quality of goods, running costs, delivery date, cost effectiveness, relevant environmental considerations, employment considerations, aesthetic and functional characteristics, safety, after-sales services, technical assistance, contract terms and conditions and any other relevant matters - but note 6.4.4 above
    - ii) "lowest price" (only if approved by Corporate Procurement)
  - f) State that late responses will not be considered and that the Council is not bound to accept any Tender
  - g) State the price validity period (usually up to a maximum of six months)

Provide a statement to the effect that under the Freedom of Information Act (2000) and the requirements for transparency, the Council may be obliged to provide information regarding the procurement exercise or a subsequent contract award and that respondents will be

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<sup>32</sup> If you are unsure about the 'qualitative selection' please contact the Corporate Procurement Team

<sup>33</sup> An outline Invitation To Tender can be obtained from Corporate Procurement.

<sup>34</sup> A Clarification/Query template spreadsheet is available from corporate procurement

advised of any requests for information and given an opportunity to comment before disclosure of such information (information whose disclosure would be likely to prejudice anyone's commercial interests is exempt from disclosure provided the public interest in withholding the information outweighs the public interest in disclosing it)

- 6.5.2 An adequate **specification** must be included. The specification must describe clearly the Council's requirements in sufficient detail to enable the submission of competitive offers.
- 6.5.3 For all contracts within this value band, the following **standard forms** must either form part of the standard selection questionnaire or the Invitation To Tender and should be included in the final contract documentation<sup>35</sup>:
- a) Form of Tender
  - b) Certificate that the Tender is Bona Fide
  - c) Parent Company Guarantee (if applicable)
  - d) Performance Bond Certificate (if applicable)
  - e) Insurance requirements
- 6.5.4 The officer should seek advice from the Shared Legal Services Commercial Law team as to what terms and conditions should be included in the contract. Where appropriate to the type of contract being let, the officer should use standard industry contracts ie JCT<sup>36</sup> or the **Council's own standard contracts**, such as the "Stevenage Borough Councils (SBC) High Value Service Contract". Where the Council does not supply a suitable standard contract for the type of contract being let, the officer should liaise with Shared Legal Services to identify contract terms relevant to that specific contract. The officer must seek advice from the Shared Legal services Commercial law team if he/she is unclear as to what terms and conditions should be included in the contract. It should be stated in the Invitation to Tender and final contract documentation that these clauses will prevail over any supplier contract clauses. SBC's standard clauses and contracts are available from corporate procurement.
- 6.5.5 A tender period can be extended if there are justifiable reasons and it is practical to do so. The reasons for any extension of time should be recorded and communicated in writing to all respondents at least one week prior to the new closing date.
- 6.5.6 Suppliers must carry a range and level of insurance cover acceptable to the type of contract being let. As a starting point it would be prudent to assume the following minimum levels of indemnity, Public Liability £5m, Employers Liability £10m (although the legal minimum is £5m), Professional Indemnity £2m, Products Liability between £1 and £5m. These must be reviewed for adequacy in light of the various risk factors affecting the contract. Only in very low risk scenarios would levels of indemnity lower than these be acceptable. If in doubt, contact the Council's Insurance Officer.<sup>37</sup>
- 6.5.7 The advice of the Shared Legal Services Commercial Law team must be sought as necessary, particularly for contracts which are complex.
- 6.5.8 PCR2015 lays down specific time periods for submission of Tenders, which must be followed (see guidance in the Intranet under "Procurement" and also Appendix B)
- 6.5.9 If the procurement is a mini competition(tender) under an approved framework agreement that has been let in accordance with PCR2015 and covers the Council, then normally at

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<sup>35</sup> Standard forms can be found within the template tender documents available from corporate procurement

<sup>36</sup> Standard amendments to JCT Minor Works or Measured Term contracts are available from Corporate Procurement

<sup>37</sup> An insurance checklist can be found on the intranet under staff info/finance/insurance

least four weeks should be allowed for the submission of Tenders. This can be less if the Contracting Officer has ascertained, after consultation with all short listed Suppliers, that a lesser time period is practical and realistic.

- 6.5.10 It may be necessary during the tender period for the Council to clarify some aspects of its tender documents. This may be done in writing or by way of a meeting ie Bidders Day. Parity of tendering must be preserved so it is important that all tenderers are issued with the same information.
- 6.5.11 The officer must consider if the requirement could be split into lots, if the decision is not to use lots it must be explained in the Invitation to Tender.
- 6.5.12 The Public Services 2012 Social Value Act requires commissioners to consider securing economic, social, or environmental benefits when buying services above the EU threshold. To comply with the Act, commissioners must think about how what they are going to buy, or how they are going to buy it, could add these benefits, and must also consider whether they should consult on these issues. This consideration needs to be documented and retained in line with CSO 5.8.12

## **6.6 Submission, Receipt and Opening of Tenders**

For contracts within this value banding, CSO 5.5 must be followed.

## **6.7 Tender Evaluation**

- 6.7.1 The following should be checked by the Officer:
  - a) The Tenders are actually from the firms invited to tender (where a framework or restricted process is used);
  - b) Check that the price of the tenders as set out on the Opening of Tenders is correct;
  - c) That there are no errors or omissions in the completion of the documents.
  - d) Where a check of the prices quoted suggest collusion among tenderers or 'ring' pricing, the case should be referred to the Assistant Director (Finance & Estates);
- 6.7.2 Where necessary, clarifying some aspect of a Tender response in writing or by way of a meeting is permitted. If a meeting is held then relevant notes should be made of the results of the meeting and as necessary significant matters should be confirmed in writing for contractual purposes. It is possible to upload the notes to the Council's Intend system if required.
- 6.7.3 The Procurement process should take no longer than 10 months from issue of advertisement to award of contract. Should the procurement process take longer than 10 months, authorisation must be sought from the Borough Solicitor, Assistant Director (Finance & Estates) or Corporate Procurement Manager to proceed with the contract award.
- 6.7.4 **Post Tender Negotiation must not be conducted in an EU Procedure.**
- 6.7.5 Following the negotiated procedure contained within PCR2015 is not the same as Post Tender Negotiation. The negotiated procedure can only be used in exceptional cases and prior written approval **must** first be sought from either the Borough Solicitor or Corporate Procurement Manager to use the negotiated procedure. Post Tender Negotiation includes revising pricing and contract terms and conditions.
- 6.7.6 The Competitive Dialogue procedure permits the Council to enter into dialogue with suppliers to identify possible or alternative solutions. This procedure can only be used where

the financial or technical make-up of the contract cannot be ascertained without such dialogue. Prior written approval **must** first be sought from either the Borough Solicitor or Corporate Procurement Manager to use the Competitive Dialogue procedure.

6.7.7 The officer must use the award criteria and measurement system as set out in the public notice and Invitation to Tender<sup>38</sup>. The measurement system should usually include the following three elements:

- a) A point scoring system for individual quality/value for money considerations.
- b) Weightings applied to quality/value for money factors in accordance with their importance to the completion of the contract. Any sub-criteria must also be identified at this stage and the appropriate breakdown weighting disclosed.
- c) A "Quality Threshold" which sets the minimum standard expected. Tenders which fall below this shall be excluded from consideration.

6.7.8 All suppliers must be notified in writing through the Council's E-tendering system whether they have or have not been successful either in making the next stage or winning the contract. Where the contract is awarded on the most economically advantageous ground, tenderers must be notified of their score obtained against each award criteria, the score the winning tenderer obtained, the name of the winning tenderer and the characteristics and relative advantages of the winning tender. **The contract with the successful supplier must not commence until 10 calendar days after the date on which the letters were sent**, if the 10<sup>th</sup> day is a weekend or bank holiday the last day must be the following working day (15 days if sent by post) allowing unsuccessful suppliers time to dispute any decision made.<sup>39</sup>

6.7.9 Officers must not agree to contract conditions where payment is made before the goods, works or services are received, unless otherwise approved in writing by either the Corporate Procurement Manager, the Assistant Director (Finance & Estates) or the Borough Solicitor. Staged payments are acceptable but must be proportionate to the cost of goods, works or services received and must be submitted to Treasury and Capital in Accountancy for checking, please see CSO 6.8.13.

### **Checks on Financial Status**

*(Note 6.4.2 above)*

6.7.10 When following the restricted procedure within this banding, checks on financial status must only form part of the overall evaluation at standard selection stage. Financial appraisals cannot be used as a quality evaluation criterion at the Invitation To Tender stage. See the intranet under "Procurement" for the full financial appraisal process. When using the open procedure, financial appraisals should be carried out as part of the tendering process.

6.7.11 At the discretion of Corporate Procurement, financial checks may not be necessary for specific Suppliers. For example, when the contracting body is a local authority.

6.7.12 All contracts in this value banding with a term of over 24 months will need to be registered with Corporate Procurement for monitoring updates on financial status.

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<sup>38</sup> A sample criteria and measurement template can be obtained from Corporate Procurement.

<sup>39</sup> Compliant template letters showing the standstill period are available from Corporate Procurement

## 6.8 Contract Award and Contract Management

- 6.8.1 Consult Financial Regulations regarding the process to be followed to gain approval to award
- 6.8.2 Officers must obtain and check copies of all documents that were self-certified by the supplier during the tender process before awarding the contract.
- 6.8.3 All contracts over the EU threshold must be made under the common seal of the Council. Unless in exceptional circumstances approval to sign under hand is sought and obtained, from the Borough Solicitor, prior to competition.<sup>40</sup> Officers must follow the sealing process as detailed on the intranet.<sup>41</sup>
- 6.8.4 If acceptance of a tender is for any reason is delayed beyond the appropriate tender price validity period, the Supplier must be asked to confirm his tender in writing before the acceptance is issued. This letter of confirmation must be included as part of the contract. If the recommended tenderer submits a revised price, the Shared Legal Services Commercial Law team must be consulted.
- 6.8.5 A written report must be compiled that satisfies regulation 84 of the Public Contracts Regulations 2015. The report must be kept with the signed contractual documents for a minimum of 3 years from the date of award of the contract.<sup>42</sup>
- 6.8.6 Contract award notices must be published by the Corporate Procurement team in the Official Journal of the European Union (OJEU) and Contracts Finder within 30 days of contract award via the Council's E-tendering system – In-Tend<sup>43</sup>.
- 6.8.7 For contracts within this value banding, **an electronic award notification form must be completed and passed to Corporate Procurement<sup>44</sup> An electronic copy of the contract pack must be provided to Corporate Procurement for the Central Contracts Database followed by a scan of the fully signed acceptance letter or relevant contract pages holding signatures/seals at point of execution.** Contracts, for the purpose of this exercise, will range from a simple letter confirming pricing and using standard Supplier terms and conditions to a large contractual document drafted by Legal. Contracts will also cover one off purchases and schedules of rates.
- 6.8.8 The officer may wish to use a contract management checklist form to ensure all required steps have been followed. An example checklist can be found on the intranet under "Procurement", although Business Units may use their own forms to reflect their special requirements. All documentation and records of communications pertaining to the tender must be kept in accordance with Document Retention Schedule which can be found on the intranet.
- 6.8.9 The officer should provide his or her line manager, or Senior Leadership Team member as considered necessary, with regular reports on the financial position of a contract for budget or funding monitoring purposes and to enable corrective action to be taken as necessary.
- 6.8.10 All interim valuations and final accounts in respect of staged payment contracts must also be

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<sup>40</sup> Exceptional circumstances are where the 12 year limit of liabilities is of no benefit due to the nature of the product, such as supply of road fuel/ utilities or where the form of contract is dictated by framework terms.

<sup>41</sup> See sealing process on the intranet under Procurement.

<sup>42</sup> The award notification form contains a page to complete Regulation 84 information

<sup>43</sup> The Corporate Procurement Team will undertake this task.

<sup>44</sup> The Award notification forms are found on the intranet under Procurement

submitted for checking by Treasury and Capital in Accountancy for recording in the Central Contracts Database before they are sent for payment to Exchequer.

6.8.11 The officer must monitor the performance of the Supplier to ensure that requirements of the contract are delivered satisfactorily<sup>45</sup>. In performing this task the officer must monitor:

- a) Work performance (including KPI's if applicable)
- b) Compliance with specification and contract terms and conditions
- c) Cost
- d) Any Value for Money requirements
- e) User satisfaction
- f) Risk management (to include checking that relevant certificates such as insurance are up to date)

6.8.12 All documents, communications and minutes pertaining to the tender exercise and contract award must be kept in accordance with the Document Retention Schedule which can be found on the intranet under the section marked Freedom of Information.

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<sup>45</sup> Guidance on contract management is available on the intranet under Procurement

## SECTION 7 SPECIAL TYPES OF CONTRACTS

### 7.1 Engagement of Consultants

7.1.1 It is important that value for money is obtained when employing consultants.<sup>46</sup> Therefore, for all instances where the Contract Value of a consultancy appointment is over £5,001, the commissioning officer must provide a report to the Assistant Director responsible containing as a minimum the details listed under CSO 7.1.2.

7.1.2 Before consultants are invited to bid/tender the Assistant Director is responsible for:

- a) identifying the project objectives; and
- b) documenting the reasons for the employment of consultants including the benefits of employing consultants against in house staff or agency staff; and
- c) documenting the residual in-house costs to support the consultant and ensuring that sufficient budget is available to meet all identified costs;
- d) Preparing a project brief with action dates to be recorded against each section, including:
  - (i) background; and
  - (ii) objectives; and
  - (iii) timetable; and
  - (iv) total costs; and
  - (v) performance monitoring arrangements; and
  - (vi) documentation standards; and
  - (vii) contact names and numbers for enquiries

7.1.3 All consultants must provide evidence of adequate professional indemnity insurance prior to their appointment. The requirement for insurance and the levels required should be advertised in the specification of works, if in doubt about the levels required consult with the Council's Insurance Manager

7.1.4 Human Resources must be consulted to help determine if the appointment is within IR35 or if a consultant is appointed and employed through an agency or through the council's payroll the consultant may fall under the Agency Workers Regulations 2010.

7.1.5 It should be a condition of contract with any consultant, agent or professional advisor who is to be responsible to the Council for the award or supervision of a contract on its behalf, that in relation to that contract they shall:

- a) comply with these Contract Standing Orders as though they were an employee of the Council; and
- b) produce on request all the records maintained by them in relation to the contract award and award of contract; and
- c) on completion of the contract, transmit all records that they have produced or received that relate to the contract to the appropriate Assistant Director

7.1.6 Any letter of appointment or contract must set out the consultants legal obligations to the Council including where the ownership of intellectual property rights will sit. Advice on intellectual property can be sought from the Shared Legal Services Commercial Law team. Every written contract shall provide that the consultant shall not assign directly or indirectly the whole or any part of the contract without the written approval of the Council.

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<sup>46</sup> A consultant is a professional who provides expert advice in a specific field; they either operate within the organisation or are employed externally by an organisation for a fee.

## **The Invitation to Quote / Tender**

- 7.1.7 When procuring consultants the total estimated contract value should be used to adopt the procurement band to use. Details on Band 1 and 2 can be found under CSO 4.1 and Band 3 under CSO 5.1. When the estimated Total Value of the consultancy is equal to or exceeds the EU Threshold for services, then PCR2015 rules must be followed, as set out in Section 6.<sup>47</sup>
- 7.1.8 Where it can be demonstrated that there are insufficient suitably qualified consultants to meet the competition requirement, the officer must record in writing the reason why the services are so specialist and obtain an exemption approval as required by paragraph 3.3 of Section 3 of Contract Standing Orders to invite fewer consultants.
- 7.1.9 For consultancies over £10,001 related to construction, estates or building surveying work, the use of conditions of engagement is permitted where they are considered appropriate by the Assistant Director in consultation with the Shared Legal Services Commercial Law team<sup>48</sup>. Other consultancies over £10,001 including management and IT should use terms and conditions either supplied or approved by the Shared Legal Services Commercial Law team.

## **Tender Evaluation and Contract Award**

- 7.1.10 The tendering, evaluation and award procedure, as outlined in Section 5, shall apply to all consultancies where the total estimated value is over £75,001 and under the EU Threshold and in cases below that value where there is a strong likelihood of additional work (i.e. serial or extension contracts), which would bring the total value above £75,001.

## **Contract Monitoring**

- 7.1.11 For contracts over £75,001, the Senior Leadership Team member shall be responsible for ensuring that the Consultants work is properly monitored on an ongoing basis. This includes:
- a) Appointing a named Project Officer or Group
  - b) Specifying key tasks and dates for Consultants
  - c) Monitoring costs against budgets (payment schedules should include the agreed fees and the frequency of invoicing)
  - d) Arranging regular progress meetings with Consultants
- 7.1.12 The project officer shall maintain and keep all records pertaining to the tender, award and ongoing maintenance of the contract.
- 7.1.13 The project officer shall maintain the following documentation:
- a) project brief/objectives; and
  - b) minuted authority, where required; and
  - c) the agreement with the consultant and any subsequent variations; and
  - d) records that can demonstrate contractors compliance with contract standards prior to payments being made; and

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<sup>47</sup> Certain consultancy related services are not subject to the full tendering requirements of the EU Procurement Directive, a new light touch regime has been introduced where advertising is required but the thresholds are higher.

<sup>48</sup> Standard terms and conditions for consultants approved by Legal are those in the services quotation document provided on the intranet under Procurement.

- e) record of payments made to the consultant and for the project; and
- f) a project evaluation form

7.1.14 The project officer shall report immediately to the Assistant Director any material technical or financial deviation by the consultant from the specified agreement.

## 7.2 Disposal Contracts

7.2.1 Where items, excluding land and buildings over the cost of £1000 (at the time of purchase) cannot be re-used elsewhere in the Council an asset disposal certificate form found on the staff intranet under Finance must be completed, explaining why the items are surplus or redundant, any health and safety issues, and the proposed method of disposal. The form should be submitted to the relevant Assistant Director for approval to proceed with disposal of the items. All vehicles must be disposed of through sale by public auction or by quotations from a reputable dealer.

7.2.2 Where small items of equipment such as keyboards are scrapped under the cost of £1000 (at the time of purchase), they must be recorded on a list held by each relevant Assistant Director and signed off at year end. The list must be passed to Treasury and Capital in Accountancy at year end.

7.2.3 The highest bid received for an item if reasonable should be accepted. One of the following methods of disposal should be used:

- a) Invite quotations or tenders from outside organisations<sup>49</sup>
- b) Sale by Public Auction.
- c) Trade in for a new item when the circumstances are appropriate.
- d) Scrap the items in a safe manner.

7.2.4 The proposed method of disposal should be approved by a Assistant Director. All disposals must comply as applicable with the Waste Electrical & Electronic Equipment Directive and Health & Safety legislation. All Council and personal data must be removed from any IT or recording equipment prior to their disposal.

### Competition Rules

7.2.5 Where inviting quotations or tenders from outside organisations the following number of bidders should be invited as follows:

<u>Estimated Value</u>	<u>Minimum number of bidders to be invited (for Plant &amp; Equipment only)</u>
Up to £5,000	At least one bidder by quote
Over £5,001 up to £75,000	At least three bidders by quote
Over £75,001	At least four bidders by invitation to tender

7.2.6 Records of the bids received and written approval by an authorised officer to accept the most favourable bidder should be kept. The acceptance will be by letter signed by SLT Member or Assistant Director if the value is under £75,000 or a Senior Leadership Team member if the value is over £75,001.

## 7.3 Contract Extensions

<sup>49</sup> Quotations or tenders can be issued through the Councils Intend e-tendering system if required

- 7.3.1 Term contracts often have the provision for extensions. E.G. the contract terms is 3 years with the option to extend for a further 2 years. When considering taking up the extension option consider if this will be in the councils best interest to extend. e.g. is the service still required in the existing form? Has the market changed? Could re procuring produce a saving? Do the research in sufficient time so that if the answer is re procure there is sufficient time to re procure well, the default should not be to extend because it's not been thought about it in time for any other option. The decision to extend is signed off by the officer with delegated rights to sign contracts of the value of the extension.
- 7.3.2 All requests to extend a contract beyond provision in the contract to extend must be made in writing to either the Assistant Director (Finance & Estates) or the Borough Solicitor for their approval. No extension that contravenes The Public Contracts Regulations 2015 will be granted and no extension to an existing contract shall be given unless it can be clearly demonstrated that a change of Supplier would result in one or more of the following:
- a) Unacceptable technical difficulties
  - b) A significant and unacceptable increase in costs to the Council
  - c) Significant disruption to the delivery of Council services.
- 7.3.3 It is not permitted to extend a contract renewable yearly on more than four occasions without re-tendering. Such cases should be reviewed annually and a written record of the decision (with reasons) to either, extend the contract or carry out a new competitive tendering exercise must be kept.
- 7.3.4 In all cases where the extension of a contract has been approved, the Shared Legal Services Commercial Law team shall be requested by the client department to undertake formalising the contract extension. Where the total contract value (including the original contract value) exceeds £5,001, details of the contract extension must be provided to Corporate Procurement for recording on the Central Contracts Database. If a contract record has already been entered on the central register then this will need to be updated with the contract extension details<sup>50</sup>.

## **7.4 Contract Hire and Lease/Rental Agreements**

- 7.4.1 Contract hire and lease/rental agreements are procurements and are subject to the provisions contained in Contract Standing Orders.
- 7.4.2 Before entering into a contract hire or lease/rental agreement the officer shall ensure that the financial implications have been assessed by Accountancy. Lease/Rental agreements can only be signed off following approval from the Assistant Director (Finance & Estates) or their nominated deputy.

## **7.5 Nominated Sub-Contractors and Suppliers**

- 7.5.1 If nominations are to be used then the terms of the contract between the Council and the main contractor should make it clear that the main contractor will be expected to enter into contract with the sub-contractors or Suppliers nominated by the Council.
- 7.5.2 *Tenders* for the nominated sub-contractors or Suppliers will be invited, opened and evaluated by the Council in accordance with Contract Standing Orders. The officer shall

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<sup>50</sup> A variation form to amend central contract details is available on the intranet under Procurement

nominate the successful tenderer(s) to the main contractor.

- 7.5.3 The main contractor will ensure that the main contract indemnifies them against the sub-contractors own obligations in relation to the works, supplies or services included in the sub-contract.

## **7.6 Term Contracts and Framework Agreements**

- 7.6.1 An officer may consider it advantageous to the Council, to invite tenders on a Term basis or under a Framework Agreement where payment is based not on defined works, services or supplies, but on a Schedule of Rates, Bill of Quantities or fixed unit cost over a defined period of time.
- 7.6.2 Unless a long term partnership, term contracts should not exceed five years or in the case of framework agreements four years, but will not normally exceed two years unless the contract contains a price fluctuation clause. It is not permitted to extend a contract renewable yearly on more than four occasions without re-tendering. Such cases should be reviewed annually and a written record of the decision (with reasons) to either extend the contract or carry out a new competitive tendering exercise must be kept (contracts may be subject to other term restrictions under the EU Procurement Directive).
- 7.6.3 The relevant procedures and regulations in Sections 3 to 6 of Contract Standing Orders are applicable to all Term Contracts.
- 7.6.4 Any Framework Agreement must be tendered in accordance with Contract Standing Orders or under PCR2015 rules, as applicable.
- 7.6.5 The estimated value of the Term Contract should be based on the full length of the contract (including any options for contract extensions) or for four years if the contract is renewable yearly or is a framework agreement.
- 7.6.6 Where additional items of work are required but not contained within the Schedule of Rates consult with Corporate Procurement to check these are legally valid variations, If agreed all suppliers on the framework agreement or term contract shall be given the opportunity of pricing such items which will then be added to the main Schedule of Rates to be used in the future.

## **7.7 Partnerships & Shared Services**

- 7.7.1 The term 'Partnership' is used to cover a wide variety of joint ventures and other procurement arrangements. The Senior Leadership Team member or contracting officer shall ensure that the prior approval of The Assistant Director (Finance & Estates) or the Borough Solicitor for the proposed partnership arrangement is obtained. The financial implications must be assessed by the Assistant Director (Finance & Estates) and all proposed partnership agreements must be cleared with the Borough Solicitor **at the earliest stage**.
- 7.7.2 All partnership agreements shall include *where relevant*:
- a) The principles of the partnership
  - b) Output specification and specified inputs
  - c) Partnership board
  - d) Open book accounting

- e) Any profit sharing arrangement and payment mechanism
- f) Hierarchy of dispute resolutions mechanisms
- g) Quality and Environment management systems
- h) Asset transfer
- i) Withdrawal arrangements

7.7.3 Partnership agreements which involve a joint venture/contractual arrangement with private sector bodies are subject to the provisions of Contract Standing Orders.

7.7.4 A competitive exercise shall be undertaken in accordance with the provisions of Contract Standing Orders to select the partner and award the work. In any cases where the proposed partnership would mean that Contract Standing Orders of another public sector body would take precedence over those of Stevenage Borough Council, the written approval of either the Assistant Director (Finance & Estates) or Borough Solicitor must first be obtained before any partnership is formalised.

7.7.5 Partnerships with the Voluntary Sector shall be in accordance with the grants policy of this Council.

7.7.6 Procurements undertaken through an existing Shared Service will be made using the Contract Standing Orders of the contracting lead authority.

## 7.8 Income Generating Contracts

7.7.7 All income generating contracts must be subject to competition, as follows:

	<b>Estimated Value</b>	<b>Minimum Number of Bidders to be Invited</b>
<b>Band 1</b>	Up to £10,000	At least one bidder by quote
<b>Band 2</b>	£10,001 – £75,000	At least three bidders invited to quote (a minimum of two responses received)
<b>Band 3</b>	Above £75,001	Public advertisement used

7.7.8 Details of income generating contracts in band 2 or above must be reported to and approved in writing by a Strategic Director.

7.7.9 For contracts with an estimated value above £75,001, CSO 5.5 (regarding the submission, receipt and opening of tenders) must be followed.

7.7.10 Where income generating contracts also incur a cost to the Council, the cost element may be subject to Contract Standing Orders in its own right. In this instance, the advice of the Assistant Director (Finance & Estates), Shared Legal Service Commercial Law team or Corporate Procurement Manager should be sought.

## **SECTION 8 OTHER CONSIDERATIONS**

### **8.1 Contractual Disputes**

- 8.1.1 The officer should seek the advice and involvement of the Shared Legal Services commercial law team as appropriate in contractual disputes with Suppliers.
- 8.1.2 In the event of a claim from a Supplier for loss or expense incurred (either permitted by the terms of the contract or extra-contractual), seek advice from the Shared Legal Services commercial law team immediately.

### **8.2 Termination of Contracts**

- 8.2.1 Subject to the terms and conditions of the contract, where the Supplier has demonstrably failed to deliver the work, services or goods in accordance with the contract the Council will be at liberty to terminate the contract either wholly or in part and to procure the works, supplies or services of the same or similar description elsewhere, in order to make good such default.
- 8.2.2 Adequate written evidence of poor unacceptable performance must be kept. Such records would include relevant correspondence and records of relevant meetings with the Supplier.
- 8.2.3 Shared Legal Services Commercial Law team must be involved in the termination of any formal contract to ensure that:
  - a) The Council's case for termination is legally sound; and,
  - b) The termination is carried out in accordance with the terms of the contract.

### **8.3 Bankruptcies and Liquidations**

- 8.3.1 In the event that a Supplier ceases to trade as a result of a bankruptcy or liquidation then the Shared Legal Services Commercial Law team must be involved in any of the following:
  - a) Terminating the contract
  - b) The appointment of new Supplier to complete the work or service;
  - c) Negotiations with liquidator/receiver/administrator
  - d) Assignment of contract and Novation

### **8.4 Contract Variations**

- 8.4.1 Contracts above the EU thresholds – Consult Corporate Procurement for advice before creating a variation order.
- 8.4.2 Variation orders shall relate to the work specified in an existing contract only and shall not be given in circumstances where a separate contract should or ought to have been entered into.
- 8.4.3 All variation orders must normally be issued to the Supplier prior to the relevant work being carried out but, in exceptional circumstances, should be given as soon as possible thereafter.
- 8.4.4 Variations shall be issued to the Supplier on an official Variation Order (VO), e.g. Architects

Instructions (AI'S), in a form approved by the relevant professional association. Variation Orders shall contain the details of the work required and be appropriately priced. Variation Orders must be signed by an officer authorised to sign contracts for the new total value of the contract in question. In the case of sealed documents Shared Legal Services Commercial Law team must be consulted.

8.4.5 All contract variations regarding contract value or expiry dates must be reported to Corporate Procurement to enable the changes to be updated on the Council's contracts register.

## **8.5 Green Environment and Sustainable Sources**

Goods or services which are known to be harmful to the environment, and where there are other adequate options, will not be used. Wherever practical and cost effective, only materials from sustainable sources will be used.

## **8.6 Diversity**

Officers should take steps in the procurement exercise to encourage a diverse and competitive supply market, including small firms, social enterprises, ethnic minority businesses and voluntary and community sector suppliers.<sup>51</sup> Providing details of any bidding opportunities on the Internet via the Corporate Procurement Manager will raise awareness for these organisations.

## **8.7 Equality**

The Council must have due regard to the requirements of the public sector equalities duty under the Equalities Act 2010, which must be taken into account when procuring goods, works, or services from external providers.

## **8.8 Innovative Procurement/Abnormal Contract Action**

New or different ways of purchasing goods, services or works, which give better value for money, are encouraged. However, any proposals for innovative procurement or abnormal contract action (including the use of another organisation's Contract Standing Orders and E-auctions) must be cleared by the Borough Solicitor to ensure the proposal is legally sound.

## **8.9 Declaration of Interest**

Section 117 of the Local Government Act 1972 provides that, if it comes to the attention of any officer, that the Council has entered or is proposing to enter into a contract in which he or she has "pecuniary" interest, he or she must give notice in writing of that interest to the Authority as soon as is practicable. It is a criminal offence not to comply with this provision.

- a) The register in which the written notice is to be given is held by the Constitutional Services Manager.
- b) "Pecuniary" includes any direct or indirect interest and is defined by reference to Section 95 of the Local Government Act 1972. The Borough Solicitor's advice should be sought in areas of uncertainty.
- c) The requirement to register applies even if the officer is not involved with the Contract.

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<sup>51</sup> Further guidance on how to encourage a diverse and competitive supply market using pre-procurement is available on the internet under Procurement.

## 8.10 Freedom of Information Act (2000)

The Data protection officer or their appointed nominee should be consulted where requests for information on tenders or contracts are received under the Freedom of Information Act (2000).

## 8.11 Security of Performance and Performance Liability

In order to protect the Council from non-performance or poor performance in a contract, the officer should consider whether a performance bond or a liquidated damages clause is required and in what form. These are especially relevant for Works and some Service contracts<sup>52</sup>. The Shared Legal Service Commercial Law Team should be consulted about the type and wording of the bond or liquidated damages clause.

For Works contracts between £500,000 and £2,000,000, the Council may (dependant on risk analysis) require the Supplier to provide a performance bond for 10% of the total contract value. For Works contracts above £2,000,000 the performance bond is usually 5%.

Supplier contracts should be checked carefully for any limitations or liability and advice should be sought from the Shared Legal Service Commercial Law Team. The foreseeable damage to the Council which might arise from the failure on the part of the supplier, any limitation on the contract, liability insurance carried by the supplier (other than public liability cover) and, security for performance, are all interrelated factors and should be considered carefully as a whole.

## 8.12 TUPE and the Best Value Code of Practice on Workforce Matters

If contracting out a service or re-tendering a term contract, the Transfer of Undertakings (Protection of Employment) Regulations (“TUPE”) 2006 may apply. This is a very complex area where legal guidance and trade union consultation must be sought at an early stage.

## 8.13 Health and Safety

Officers should take steps during the procurement exercise and throughout the length of the contract to ensure that health and safety is appropriately covered.

Considerations include:

- Clearly identify all aspects of work to be carried out by the contractor
- Consider the health and safety implications
- Competency to do the job safely?
- How reliant on sub- contractors and sub-sub-contractors?
- Reputation?
- Prosecutions, notices, accident record?
- Ensure contractors know what is expected
- Show SBC safety policy procedures, permit systems, contractor guidance and confirm they have been read and understood
- Whether Works contractors should be SSIP (or equivalent) registered

Consider requiring your Contractor to:

- Outline recent health and safety performance
- List, with evidence, qualifications and skills

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<sup>52</sup> Standard templates and further explanations/guidance for performance bonds and liquidated damages clauses can be found in the High Value Services Contract available from Corporate Procurement

- Provide safety method statement
- Be a member of trade organisation or professional body
- Provide clear information about the risks of the operation
- Provide safety rules and procedures
- Any employee, contractor or sub contractor working on behalf of SBC on SBC premises including tenanted properties must have ID relevant to their employment.

For further guidance, please refer to the Council's Health and Safety Guidance which can be found on the intranet under staff info/hr/health and safety.

#### **8.14 Safeguarding Children<sup>53</sup>**

All services commissioned by the Council must operate within the requirements of the Council's Safeguarding Children Policy and meet the relevant legislative standards. Where appropriate, procuring officers will need to ensure that contractors demonstrate that they meet these requirements. As an indicator, contractors/agencies must have in place the following:

- Senior Management Commitment to Safeguarding
- Clear, Accessible Statement of Responsibility (including Safeguarding Policy, Complaints, Equal Opportunities and Incident Monitoring Procedures)
- Clear mechanisms for identification and investigation/action regarding safeguarding concerns
- Clear Line of Accountability for Reporting Safeguarding Concerns
- Child and Family conscious service planning and delivery
- Staff Training programme for Safeguarding
- Safer Recruitment Policy
- Information Sharing procedure

#### **8.15 Accessibility**

Consider whether what you are buying needs to meet new Accessibility requirements - it could be websites / apps or even pdf/reports/pictures – anything that is published by SBC to the public or to staff<sup>54</sup>

#### **8.16 GDPR**

The Council must have due regard to the requirements of the General Data Protection Regulations 2018. Conduct a Data Protection Impact assessment to perform an assessment of privacy risks of performing data processing activities involving personal data handling.<sup>55</sup>

#### **8.17 Social Value**

The council must have due regard to the Public Services 2012 Social Value Act which requires commissioners to consider securing economic, social, or environmental benefits when buying services above the EU threshold, it is best practice to also apply the considerations to buying goods and works both under and over the EU thresholds . To

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<sup>53</sup> Additional information regarding Safeguarding is available on the Stevenage Borough Council website.

<sup>54</sup> Speak to IT service desk for assistance or <https://www.gov.uk/guidance/accessibility-requirements-for-public-sector-websites-and-apps>

<sup>55</sup> See intranet staff info/data protection.

comply with the Act, commissioners must think about how, what they are going to buy, or how they are going to buy it, could add these benefits, and must also consider whether they should consult on these issues. This can be both in the design of the specification and in the evaluation of the bids.<sup>56</sup>

### **8.18 Modern Slavery**

The council must consider the risk of modern slavery existing within its supply chain. Procuring officers need to research the level of risk that exists in the relevant market. If the risk is medium or high they should consult with Corporate Procurement suitable measures to take above and beyond the questions asked as standard in the SBC quotation and tender templates available via the intranet or Corporate Procurement.<sup>57</sup>

### **8.19 Fraud Prevention**

The council must comply with the Bribery Act 2010 and consider the risk of fraud within its supply chain. Procuring officers need to think about whether their actions could be perceived as fraudulent or favoring a particular supplier and also be alert to possible fraudulent behavior from bidders during the procurement and evaluation process. Within contract management processes consideration needs to be given to preventing fraudulent behavior by contractors or Council officers. Any suspicion of fraudulent behaviour should be reported to the Shared Anti-Fraud Service or use the Councils Whistleblowing policy<sup>58</sup>.

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<sup>56</sup> See information on the intranet under Procurement

<sup>57</sup> See intranet procurement.

<sup>58</sup> See intranet for more information

## Appendix A - Table of Definitions / Terms

Authorised Contract Signatory	The named officer who has been sanctioned via SLT to sign contract with suppliers to a specified contract value. The list of authorised signatories and respective values are maintained by Exchequer Services.
Bond	A bond is a legally enforceable financial guarantee given by a third party (the guarantor) to the Council to guarantee the obligations of a <i>Supplier</i> under a contract. The guarantor agrees to pay the Council a sum of money if the <i>Supplier</i> does not do what has been promised under a contract with the Council (e.g. a bond is often 10% of the total contract value). The purpose of a bond is to help the Council meet the extra expenses to remedy the contract default and/or complete the contract.
CCS	Crown Commercial Services - a local authority approved purchasing consortium, which is an executive agency of the Cabinet Office.
Contracts Finder	Government mandated advertising portal for all contract notices and awards advertised by Local and National Government and it's agencies
CSO	Contract Standing Orders
ESPO	Eastern Shires Purchasing Organisation - a local authority approved purchasing consortium.
Estimated Contract Value	The calculation of the estimated value of a contract shall be based on the maximum total amount payable, excluding VAT, envisaged for the total term of the agreement (including any option for contract extensions). Contracts <b>must</b> not be artificially separated either in structure or duration so as to avoid having to comply with the requirements of the Council's Contract Standing Orders or EU Procurement rules.
EU	European Union.
EU Procedures	The procedures required by the EU where the <i>Total Value</i> exceeds the <i>EU Threshold</i> – see <i>separate additional guidance from Corporate Procurement</i> .
EU Threshold	The contract value at which PCR2015 must be applied, for example, as from 1 <sup>st</sup> January 2020 £189,330 for the supply of goods or services and £4,733,252 for works (building engineering and construction) contracts. These figures are subject to change every two years or possibly more frequently so staff should review the guidance regarding PCR2015 available on the intranet, under "Procurement".
Financial Regulations	The Council's financial regulations set out rules/procedures for financial management and the conduct required of Council staff in dealing with financial matters. They are issued by the <i>Assistant</i>

*Director (Finance & Estates) and form part of the Constitution.*

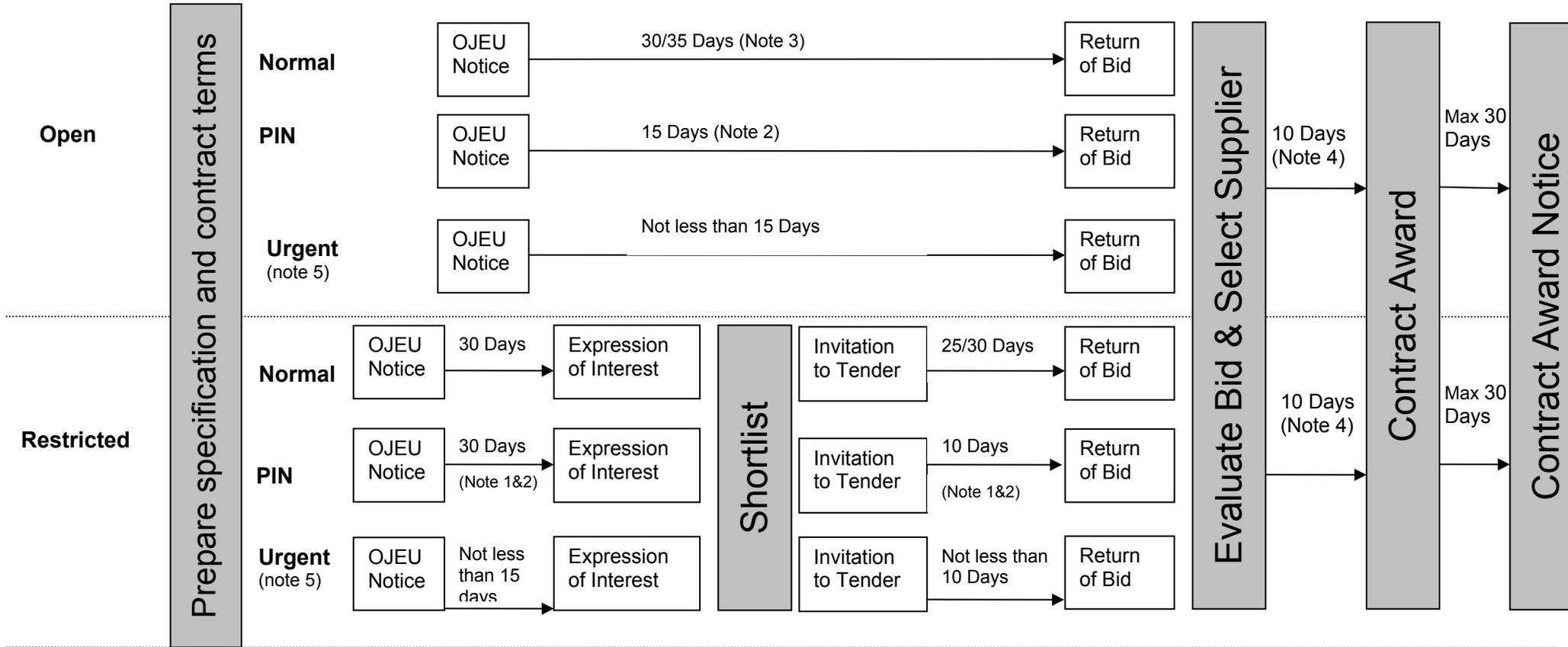
Framework Agreements	Framework Agreements are non-binding agreements entered into between a contracting authority and one or more <i>Suppliers</i> , setting out the terms and conditions (e.g. pricing mechanisms, quantity and scope of services/supplies/works and duration) under which future purchases (or call offs) can be made throughout the term of the agreement.
Homes England	Homes England is the non-departmental public body that funds new affordable housing in England. It was founded on 1 January 2018 to replace the Homes and Communities Agency.
Insurance cover and indemnity / liability limits	<p>Normally, contracts should require suppliers to indemnify (protect) the Council from public liability and employers liability to an appropriate limit, but products liability and professional liability may be required when relevant to a particular contract. The appropriate limit of indemnity should be judged individually depending on the nature of the contract, risk assessment, size of contracting firm etc. A brief explanation of each type of liability follows:</p> <p><b>Public Liability</b> provides indemnity for damages the insured is legally obliged to pay to a third party who has suffered damage or injury as a result of the insured's action. It does not extend to damage or injury suffered by employees of the insured. It does not include pure financial loss suffered as a result of advice given. The contract may include a co-indemnity or cross-indemnity clause, which effectively extends the supplier's cover to include SBC.</p> <p><b>Employers' Liability</b> provides indemnity for damages the insured is legally obliged to pay to an employee who has suffered damage or injury as a result of the insured's action. The contract should include a wide definition of "employee" so as to include apprentices, work-experience people, and volunteers if appropriate.</p> <p><b>Products Liability</b>, often included as part of general Public Liability Section of a policy, provides indemnity for damages the insured is legally obliged to pay to a third party who has suffered damage or injury as a result of the product for which the insured is responsible.</p> <p><b>Professional Liability (or Indemnity)</b> covers loss or damage (except bodily injury or damage to property) arising from the negligence or accidental error/omission of any official or employee while the Council is acting in a statutory capacity.</p>
In-Tend	The Councils E tendering system software, also known as SupplyHertfordshire
ITT	Invitation to Tender.
Key Decision	Decisions that are defined as Key Decisions in the <i>Constitution</i> . If the purchase is a Key Decision, the Officer must ensure that all appropriate steps have been taken. If the Contract value exceeds £250,000 or the contract will be significant in terms of its effects on communities living or working in the area, then the purchase is likely

	to be a key decision (See Decision Making - Article 11 in the Constitution for further information).
Nominated Suppliers and Sub-contractors	These are sub-contracts specified in the main contract where the Council nominates specific <i>Suppliers</i> or sub-contractors to the main contractor. The main contractor is expected to establish sub-contracts with the <i>Suppliers</i> nominated by the Council.
Novation	The agreed transfer to another <i>Supplier</i> of the full obligations and rights under the contract.
Parent Company Guarantee	The parent company (or holding company) guarantees the proper performance of a contract by one of its subsidiaries (the contractor). The conditions of the parent company guarantee will usually give the parent company the opportunity to remedy any default within a period of notice before the guarantee is called. The liability can take several forms including a financial guarantee of completion of the project itself or the employment of another <i>Supplier</i> to complete the project.
PIN	Prior Information Notice posted to the European Union
Post Tender Negotiation	Post tender negotiation means negotiations with any tenderer after submission of a <i>Tender</i> and before the award of the contract with a view to obtaining an adjustment in price, delivery or content.
PFH	Procurement for Housing – a local authority approved purchasing consortium, more specifically for Housing
Public Contracts Regulations 2015	Public Contract Regulations 2015 (PCR2015) are the legally required processes for UK public procurement which were transposed from EU Procurement Directives 2014 along with some UK specific rules(PCR 2015 is often referred to as EU Regulations)
Quotation	“Quotation” means an offer to supply or purchase goods, or materials, execute works or provide services including consultancy, at a stated price based on terms and conditions agreed with the <i>Supplier</i> . For the purpose of Contract Standing Orders, the Council uses the term ‘Quote’ rather than ‘Tender’ for the more simplistic procurement process to be followed for estimated contract values below £75,000.
SBC	Stevenage Borough Council
Short Listing	Where <i>Suppliers</i> are selected: <ul style="list-style-type: none"> <li>• to quote or bid or</li> <li>• to proceed to final evaluation.</li> </ul>
Supplier	Any person, organisation or economic operator who supplies the Council with Goods, Works or Services. For the purpose of Contract Standing Orders, the term supplier includes contractors, consultants and service providers.
Senior Leadership Team member	The Assistant Directors, Strategic Directors and Chief Executive.

Tender	“Tender” means a formal offer to supply or purchase goods, or materials, execute works or provide services including consultancy, at a stated price based on set terms and conditions. For the purpose of Contract Standing Orders, the Council uses the term ‘Tender’ as opposed to ‘Quote’ for the more complex procurement procedure required for estimated contract values over £75,001.
TUPE	Transfer of Undertakings (Protection of Employment) Regulations
YPO	Yorkshire Purchasing Organisation - a local authority approved purchasing consortium

**Appendix B**

**Minimum Timescales for above EU Threshold Contracts (in calendar days)**



**Competitive procedure with Negotiation**

**Innovation Partnerships**

**Competitive Dialogue**

These processes may only be used when certain criteria are met – for criteria and timescales please contact Corporate Procurement.

Note 1 Where PIN is used as a Call for Competition in the Restricted procedure, provided PIN published no less than 35 days and no more than 12 months before the despatch of the Contract, the 30 day timescale commences from when the invitation to confirm interest is sent and a separate Contract Notice is not necessary – strict guidelines for publication of PIN.

Note 2 Provided PIN published no less than 35 days and no more than 12 months before the despatch of the Contract Notice

Note 3 Under the new Public Contracts Regulations 2015, where the contracting authority allows electronic submission of tenders, the minimum timescales for receipt of tenders can be reduced by 5 days to 25 days for Restricted / 30 days for Open procedures.

Note 4 Under the Public Contracts Regulations 2015 where notification of intention to award is NOT sent by electronic means the Alcatel (Standstill) period must be 15 days, standstill expires midnight on the 10<sup>th</sup> day after notification (see mandatory standstill document for more information). Standstill must not expire on a non-working day (Saturday, Sunday or bank holiday)

Note 5 Classifying a procurement as Urgent is subject to meeting certain criteria – please check with Corporate Procurement

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## Financial Regulations proposed changes

The latest update incorporates changes that place greater emphasis on Assistant Directors (ADs) to reflect the new senior management structure. The table below details the responsibilities of AD's under the updated Financial Regulations (the regs), these requirements previously sat with the Directors of Services.

<b>Summary of Assistant Director Responsibilities (see section 1.13)</b>
Ensure their staff receive a full copy of the Financial Regulations and receive appropriate training in order for staff to comply with the Financial Regulations.
Individually responsible for financial management of resources allocated to their services including staff, plant and equipment, buildings, budget.
Executive Members are informed of financial implications of all proposals
All expenditure and income is processed in a timely manner and coded correctly on Integra
Outstanding debt is collected as per policy
Names of officers authorised to certify payments are provided to Exchequer
Principles of separation of duties in maintained
Keep VAT records (delegated to Finance) for supplier invoices and sales invoices
Duty to notify s151 officer any suspected irregularities re cash, stores or other property
Duty to notify any new risks that require insurance and to provide details
That officers claiming mileage and/or using vehicles on council business adhere to Council Driver policy
Maintain register of Keys

### Other key updates

**Budget Managers** – new section to include budget manager responsibilities

**Finance Business Partners** – new section to include role of Finance Business Partners

**Insurance** – Insurance is procured via AD Finance & Estates and any potential claim for loss or liability must be notified to insurance team.

**Budget increases** – Virement limits remain the same. If projected overspends can not be covered by income increases or reduction elsewhere then additional budget can be requested through quarterly monitoring. Cumulative budget increases are delegated to Executive for approval. The delegated limits are approved annually at Feb Council meeting (Jan for HRA).

Virements from salary budgets is prohibited (other than to cover agency costs)

Virements must be within funds ie General Fund or Housing Revenue Account and within revenue or capital budgets.

Where a virement would result in a substantial change to service provision it must be approved by Executive.

**Petty cash limits** – Increased from £30 to £50

**Year end processes** - Reminder that AD's responsible for ensuring expenditure and income recorded in the correct year by completing year end paper work. Stock takes are carried out at year end and note that stores with an average value of over £10K should have a continuous stocktaking system in place.

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Contract Standing Orders Table of Changes – March 2020

	<b><u>Description</u></b>	<b><u>Existing Contract Standing Orders</u></b>	<b><u>New Contract Standing Orders</u></b>
1.	<b><i>1.9 Raise the value at which band 2 commences</i></b>	Band 1 Up to £5,000  Band 2 £5,001 - £75,000	Band 1 Up to £10,000  Officers must confirm they have considered if competition would save more than the cost of the competition  Band 2 £10,001 - £75,000
2.	<b><i>Aggregation</i></b>		Explains more clearly aggregation
3.	<b><i>Supplier selection at quote level</i></b>	Encourages Local suppliers to be invited to quote. Silent on the option of using framework agreements at this level	Directs the invitation of a local (Stevenage based or failing that Hertfordshire based) supplier where such exists to quote. Explains that framework agreements can be used at this level
4.	<b><i>Using Framework agreements</i></b>		Explains the use of framework agreements more clearly
5.	<b><i>Sealing levels at band 3</i></b>	A contract must be sealed in the following cases:  a) For all formal construction/works contracts over £75,000  b) Where an extended limitations period is required ( the normal limitation period is 6 years after the end of the contract)	a) Where an extended limitations period is required ( the normal limitation period is 6 years after the end of the contract)
6.	<b><i>Reference to SMB</i></b>		Now changed to SLT
7.	<b><i>Contract Extensions</i></b>		Wholesale re write to distinguish between taking up extension options and

Contract Standing Orders Table of Changes – March 2020

			an extension that potentially breaches regulations or cso's
<b>8.</b>	<b><i>Special considerations</i></b>		Adding GDPR , Modern Slavery, fraud and social value
<b>9.</b>	<b><i>Reference to Borough Solicitor</i></b>	Phrase Borough Solicitor used for all interactions with the legal team	Borough solicitor reference retained where approval is needed. References changed to the shared legal service commercial team where advice is to be sought

## STEVENAGE BOROUGH COUNCIL

### AUDIT COMMITTEE MINUTES

Date: Tuesday, 9 June 2020

Time: 6.00pm

Place: Virtual (via Zoom)

**Present:** Councillors: Teresa Callaghan (Chair), John Gardner (Vice-Chair), Sandra Barr, Stephen Booth, Laurie Chester, Lizzy Kelly and Graham Lawrence  
Mr Geoffrey Gibbs (Independent Co-opted Member)

**Start / End Time:** Start Time: 6.00pm  
End Time: 8.15pm

#### 1 **APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

There were no apologies for absence.

There were no declarations of interest.

The new Chair conveyed Councillor Maureen McKay's gratitude for Members' support during her time on the Audit Committee. A Member requested that individual agenda reports be bound separately.

#### 2 **MINUTES - 3 FEBRUARY 2020**

It was **RESOLVED** that the Minutes of the Audit Committee meeting held on 3 February 2020 be approved as a correct record and signed by the Chair.

#### 3 **TERMS OF REFERENCE**

It was **RESOLVED** that the Terms of Reference for the Audit Committee, as agreed by the Annual Council meeting on 20 May 2020, be noted.

#### 4 **PUBLIC SECTOR AUDIT APPOINTMENTS (PSAA) ANNUAL AUDIT FEE LETTER**

Strategic Director (CF) updated Members on the Public Sector Audit Appointments (PSAA) annual audit fee letter. The PSAA letter highlighted a change from the previous practice of audit firms contacting bodies directly and the significant pressures on audit fees. PSAA acknowledged that there would be fee variations due to turbulence and changes in the local audit environment.

Members expressed concerns regarding variations in scale fees indicated in the PSAA letter and those quoted by the external auditor (Ernst & Young). The Strategic Director informed the Committee that several reviews relating to market

pressures had been carried out. Market pressures were affecting E&Y and other audit firms. She assured Members that she would be responding to the PSAA annual audit fee letter. It was noted that the fees for SBC appeared to be at the higher end of scale fees relative to fees for other local authorities in Hertfordshire.

It was **RESOLVED** that the Annual Audit Fee Letter for 2020/21 from Public Sector Audit Appointments (PSAA) dated 30 April 2020 be noted.

## 5 **EXTERNAL AUDIT PLANNING REPORT 2019/20**

The Associate Partner (E&Y) presented the External Audit Planning Report for 2019/20. The report included an overview of E&Y's 2019/20 audit strategy, audit risks, value for money risks, audit materiality and scope of the audit.

Members expressed concerns regarding the significant difference between PSAA scale fees and the quote from Ernst & Young (E&Y). The Committee also sought clarification on the following:

- External audit procurement process
- Volatility of SBC relative to other local authorities
- Resource challenges at E&Y
- Impact of Covid-19 on the national economy

The Committee noted that the Council had accommodated audit delays relating to resources issues at E&Y in the previous financial year. It was acknowledged that all sectors of the economy would be affected by Covid-19 pandemic.

In response to Members' questions, the Associate Partner (E&Y) replied:

- The majority of local authorities were facing financial pressures due to responses to the Covid-19 pandemic. Auditors had to take this into consideration in their assessments
- SBC was in a relatively more volatile position due to the swift and wide-ranging response to the pandemic. The Council had suffered significant losses of income
- E&Y had been open about resources issues. Specialist resources were drawn in to work on the complex arrangements at Queensway LLP
- E&Y carried out representative sample testing to ensure that the definition of capital receipts was met
- The assessment on whether SBC was a going concern referred to a period of 12 months

Strategic Director (CF) informed the Committee that:

- The Council was quick in identifying the impact of Covid-19 on finances
- Monitoring measures had been put in place and Executive received regular updates
- Review of the Medium Term Financial Strategy and Impact of Covid-19 on the Council's General Fund Revenue Budget were on the agenda of the 10 June meeting of the Executive
- The Council set de minimis levels to distinguish capital from revenue spending
- It would be difficult for Councils to cope unless the Government provided additional financial support. SBC continued to work with other local authorities to lobby the Government
- Confidence in the competency of staff was high and therefore the risk of miscalculation of capital receipts as revenue was low
- SBC was not involved in wholesale commercial property assets sales. Therefore the risk associated with valuation of market-based property assets was not significant. This issue had been raised with E&Y in the past
- SBC was not at a point of issuing a section 114 Notice and therefore it was a going concern. The Council had taken measures to mitigate risks relating to Covid-19

It was **RESOLVED** that Ernst & Young's External Audit Planning report for 2019/20 be noted.

6 **PROPOSED SHARED ANTI-FRAUD SERVICE (SAFS) ANTI-FRAUD PLAN 2020/21**

The Head of Service (Shared Anti-Fraud Service) presented the proposed Shared Anti-Fraud Service (SAFS) Plan 2020/21.

The Head of Service (SAFS) informed the Committee that following the announcement of lockdown measures, SAFS had reviewed its business-as-usual procedures and suspended some services. All officers worked remotely and they were still able to provide rapid response to threats. SAFS provided advice and raised alerts for threats relating to Covid-19 business support measures. The service also raised awareness about increased cyber-attack risks due to remote working arrangements during the Covid-19 pandemic. SAFS shared information relating to internet scams and phishing with local authorities and Government bodies such as HMRC and Action Fraud.

The Head of Service (SAFS) indicated that the Anti-Fraud Plan 2020/21 had been

compiled using a Fighting Fraud & Corruption Locally Strategy that has since been updated. The Head of Service stated that the new Fighting Fraud & Corruption Locally Strategy and CIPFA 2020 Report - Perspectives on Fraud would be circulated to Members.

In response to questions, the Head of Service (SAFS) stated there was a focus on preventing fraud. Fraud had financial and/or reputational impact on individuals and organisations.

Strategic Director (CF) informed the Committee that the Department for Work and Pensions (DWP) had the remit for housing benefit fraud.

It was **RESOLVED** that the SAFS/SBC Anti-Fraud Plan 2020/2021 be approved.

7 **SIAS INTERNAL AUDIT PLAN 2020/21**

The SIAS Client Audit Manager presented the proposed Stevenage Borough Council Internal Audit Plan 2020/21. The Committee were advised about the impact of COVID-19 on Audit Plan delivery. In response to a question, the SIAS Client Audit Manager indicated that SIAS would liaise with senior managers about prioritising audits for the remainder of 2020/21. Changes to the Audit Plan would be brought to the Committee's attention in future SIAS Progress Reports.

It was **RESOLVED** that the proposed Stevenage Borough Council Internal Audit Plan for 2020/21 be approved.

8 **ANNUAL ASSURANCE STATEMENT AND ANNUAL REPORT 2019/20**

The SIAS Client Audit Manager presented the Stevenage Borough Council Annual Assurance Statement and Annual Report 2019/20.

It was **RESOLVED**:

1. That the Annual Assurance Statement and Internal Audit Report be noted.
2. That the results of the self-assessment required by the Public Sector Internal Standards (PSIAS) and the Quality Assurance and Improvement Programme (QAIP) be noted.
3. That the SIAS Audit Charter 2020/21 be accepted.
4. That management assurance be given that the scope and resources for internal audit were not subject to inappropriate limitations in 2019/20.

9 **ANNUAL GOVERNANCE STATEMENT 2019/20 AND LOCAL CODE OF CORPORATE GOVERNANCE**

The Corporate Performance and Improvement Officer reported that preparations for the drafting of the Annual Governance Statement 2019/20 had been affected by the Covid-19 pandemic. The Governance Statement would be updated for a review at

the November Audit Committee meeting. The Planned Improvement Activity for 2020/21 included a number of high level strategic risks. Seven of the actions on the Improvement Plan had been carried over from 2019/20. The Plan had three new actions relating to the governance structure for the corporate landlord function, commercial agenda and Covid-19 recovery.

The Corporate Performance and Improvement Officer confirmed that Service Governance Actions had been submitted by Assistant Directors. Strategic Directors and the Chief Executive received progress updates on the actions at Senior Leadership Team (SLT) meetings. In some cases, actions that were common to multiple service areas were classified as corporate actions. The Corporate Performance and Improvement Officer also highlighted the recommendation for an annual review of the Council's Local Code of Corporate Governance.

It was **RESOLVED**:

- 1 That the Council's 2019/20 Annual Governance Statement, attached as Appendix One, be recommended for approval by the Statement of Accounts Committee.
- 2 That changes to the Council's Local Code of Corporate Governance, attached at Appendix Two, be approved.

10 **URGENT PART 1 BUSINESS**

None.

11 **EXCLUSION OF PUBLIC AND PRESS**

It was **RESOLVED** that:

1. Under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involved the likely disclosure of exempt information as described in paragraphs 1-7 of Part 1 of Schedule 12A of the Act as amended by Local Government (Access to information) (Variation) Order 2006.
2. Members considered the reasons for the following reports being in Part II and determined that the exemption from disclosure of the information contained therein outweighed the public interest in disclosure.

12 **STRATEGIC RISK REGISTER**

The Committee received the Council's latest Strategic Risk Register.

It was **RESOLVED**:

1. That the latest Strategic Risk Register (set out in Appendices A1 – A3 to the report) be noted.

2. That developments on risk management issues be noted.

13 **URGENT PART II BUSINESS**

None.

**CHAIR**