

Agenda

Meeting: Audit Committee

**Venue: Brierley Room, County Hall,
Northallerton**

Date: Thursday 3 December 2015 at 1.30pm

**Note: Members are invited to attend an
informal meeting with
representatives of KPMG (External
Audit) at 1pm in the Brierley Room**

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Business

1. **Minutes of the meeting held on 24 September 2015.**

(Pages 1 to 8)

2. **Public Questions or Statements.**

Members of the public may ask questions or make statements at this meeting if they have given notice to Ruth Gladstone of Democratic Services (*contact details below*) by midday on Monday 30 November. Each speaker should limit themselves to 3 minutes on any item. Members of the public who have given notice will be invited to speak:-

- at this point in the meeting if their questions/statements relate to matters which

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Fax: **01609 780447** or e-mail ruth.gladstone@northyorks.gov.uk
www.northyorks.gov.uk

are not otherwise on the Agenda (subject to an overall time limit of 30 minutes);

- when the relevant Agenda item is being considered if they wish to speak on a matter which is on the Agenda for this meeting.

If you are exercising your right to speak at this meeting, but do not wish to be recorded, please inform the Chairman who will instruct those taking a recording to cease while you speak.

3. **Progress on Issues Raised by the Committee** – Joint report of the Corporate Director – Strategic Resources and the Assistant Chief Executive (Legal and Democratic Services).

(Pages 9 to 10)

4. **Contract Management** - Report of the Corporate Director – Strategic Resources.

(Pages 11 to 16)

5. **Review of Contract Procedure Rules** - Report of the Corporate Director – Strategic Resources.

(Pages 17 to 79)

6. **Audit Committee Terms of Reference** - Report of the Corporate Director – Strategic Resources.

(Pages 80 to 83)

Item 7 will be considered at 2.15pm, or as soon as possible after 2.15pm

7. **Internal Audit Work and Related Internal Control Matters for the Business and Environmental Services Directorate:-**

- (a) Report of the Head of Internal Audit.

(Pages 84 to 91)

- (b) Report of the Corporate Director – Business and Environmental Services.

(Pages 92 to 116)

8. **Progress on 2015/16 Internal Audit Plan** - Report of the Head of Internal Audit.

(Pages 117 to 121)

9. **Risk Management – Progress Report** - Report of the Corporate Director – Strategic Resources.

(Pages 122 to 144)

10. **Programme of Work** – Report of the Corporate Director – Strategic Resources.

(Page 145)

11. **Other business which the Chairman agrees should be considered as a matter of urgency because of special circumstances.**

Barry Khan
Assistant Chief Executive (Legal and Democratic Services)

County Hall
Northallerton

25 November 2015

Notes:

- (a) Members are reminded of the need to consider whether they have any interests to declare on any of the items on this agenda and, if so, of the need to explain the reason(s) why they have any interest when making a declaration.

The relevant Democratic Support Officer or Monitoring Officer will be pleased to advise on interest issues. Ideally their views should be sought as soon as possible and preferably prior to the day of the meeting, so that time is available to explore adequately any issues that might arise.

- (b) **Emergency Procedures for Meetings**

Fire

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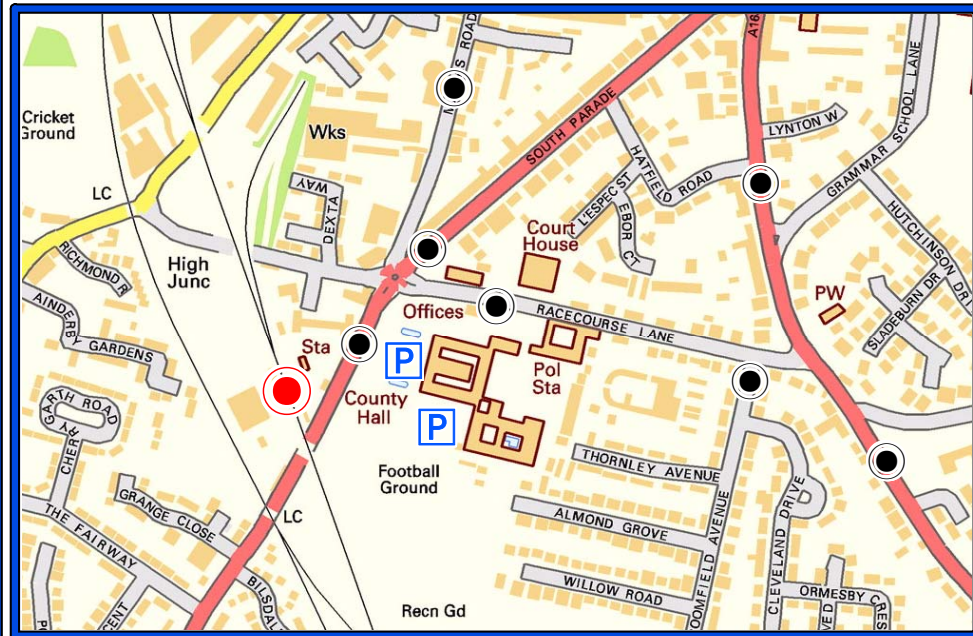
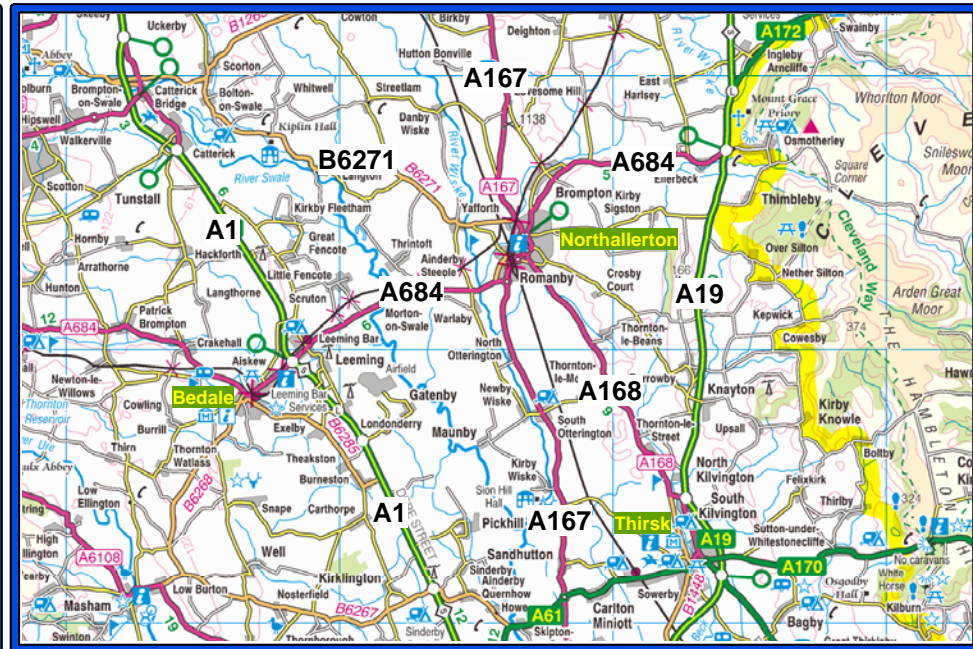
AUDIT COMMITTEE

1. Membership

County Councillors (8)							
	<i>Councillors Names</i>				<i>Political Party</i>		
1	ATKINSON, Margaret (Vice Chairman)				Conservative		
2	BAKER, Robert				Conservative		
3	BROADBENT, Eric				Labour		
4	CLARK, Jim				Conservative		
5	FORT, John BEM				Conservative		
6	GRANT, Helen				NY Independent		
7	HOULT, Bill				Liberal Democrat		
8	JORDAN, Mike (Chairman)				Conservative		
Members other than County Councillors (3)							
1	PORTLOCK, David						
2	MARSH, David						
3	Vacancy						
Total Membership – (11)				Quorum – (3) County Councillors			
Con	Lib Dem	NY Ind	Labour	Liberal	UKIP	Ind	Total
5	1	1	1	0	0	0	

2. Substitute Members

Conservative		Liberal Democrat	
	<i>Councillors Names</i>		<i>Councillors Names</i>
1	HARRISON-TOPHAM, Roger	1	De COURCEY-BAYLEY, Margaret-Ann
2	SANDERSON, Janet	2	
3	METCALFE, Chris	3	
4		4	
5		5	
NY Independent		Labour	
	<i>Councillors Names</i>		<i>Councillors Names</i>
1	BLACKIE, John	1	SHAW-WRIGHT, Steve
2	JEFFERSON, Janet	2	
3		3	
4		4	
5		5	



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North
Yorkshire County Council

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North Yorkshire County Council

Audit Committee

Minutes of the meeting held on Thursday 24 September 2015 at 1.30 pm at County Hall, Northallerton.

Present:-

County Councillor Members of the Committee:-

County Councillor Mike Jordan (in the Chair); County Councillors Margaret Atkinson, Robert Baker, Eric Broadbent, Jim Clark, John Fort BEM and Helen Grant.

External Members of the Committee:-

Mr David Marsh and Mr David Portlock.

In Attendance:-

County Councillor Carl Les (Leader of the Council) and County Councillor Gareth Dadd (Executive Member for Central Services, specifically Finance and HR issues).

Deloitte LLP Officers: Celia Craig and Alistair Lince.

Veritau Ltd Officer: Max Thomas (Head of Internal Audit).

County Council Officers: Paul Cresswell (Assistant Director - Strategic Resources), Gary Fielding (Corporate Director – Strategic Resources) and Ruth Gladstone (Principal Democratic Services Officer).

Apology for Absence:

An apology for absence was received from County Councillor Bill Hoult.

Copies of all documents considered are in the Minute Book

137. Minutes

Resolved –

That the Minutes of the meeting held on 16 July 2015, having been printed and circulated, be taken as read and be confirmed and signed by the Chairman as a correct record.

138. Declarations of Interest

In the spirit of openness and transparency, Members advised of the following, whilst recognising that these were not declarable interests under the County Council's Members' Code of Conduct:-

- County Councillor Jim Clark as a Member of North Yorkshire Pension Fund Committee representing the District Councils.
- County Councillor Mike Jordan as a Member of North Yorkshire Pension Board.

- Mr David Portlock as Chair of North Yorkshire Pension Board, in which capacity he was invited to attend meetings of North Yorkshire Pension Fund Committee.

139. Public Questions or Statements

There were no questions or statements from members of the public.

140. Progress on Issues Raised by the Committee

Considered -

The joint report of the Corporate Director – Strategic Resources and the Assistant Chief Executive (Legal and Democratic Services) which advised of progress on issues which the Committee had raised at previous meetings and provided an update concerning Treasury Management.

A Member queried whether quarterly Treasury Management reports, produced for Executive meetings, were still being sent to Audit Committee Members. The Corporate Director – Strategic Resources advised that he would check that, following recent staffing changes, the necessary arrangements were still in place but there had not been any additional reports due since the last Audit Committee meeting.

Resolved -

- (a) That the report be noted.
- (b) That the Corporate Director – Strategic Resources check that the necessary arrangements are still in place to send Audit Committee Members quarterly Treasury Management reports produced for Executive meetings.

141. Report to Members on the 2014/15 Audit by the External Auditors

The Chairman advised that this would be the last meeting to be attended by Deloitte before KPMG took over as the County Council's External Auditor. He advised that he and the Vice-Chairman had had a close-out meeting with Deloitte, had met representatives of KPMG, and that the hand over was proceeding smoothly.

(a) North Yorkshire Pension Fund

Considered -

The report of Deloitte setting out the principal matters which had arisen from the external audit of the North Yorkshire Pension Fund for the year ended 31 March 2015.

Alistair Lince (Deloitte), in introducing the report, highlighted various matters, including the following:-

- The audit was now complete, subject to receipt of the signed letter of representation.
- An uncorrected misstatement had been identified relating to Benefits, namely, a cut-off difference on benefits paid arising from using actual benefits owed as opposed to 52 week approximation.
- Two uncorrected misstatements had been identified relating to Investments, namely, an undervaluation of £6.483M in relation to the

Baillie Gifford Life Investments arising from the time of day that independent pricing information was obtained by Bloomberg and other independent sources; and an overstatement of £0.543M in relation to the Standard Life Diversified Growth Fund compared to the broker price.

- In relation to Management override of controls, there had been one unusual, yet anticipated, transaction, namely, the Pension Fund had performed a bulk transfer to the Greater Manchester Pension Fund in respect of members from the probation service as part of the national process to consolidate all probation service members into one local government pension. There were no matters, in relation to this, which Deloitte wished to bring to the Committee's attention.
- Deloitte felt that Management override of controls was acceptable but could be improved by more closely defining large and/or complex journals.
- Deloitte anticipated issuing an unmodified audit opinion on the truth and fairness of the Pension Fund's financial statements.

The Committee discussed the misstatements. Members noted that the misstatements were immaterial and two had arisen due to a timing difference, of about 5 hours, when the investments had been valued. Alistair Lince (Deloitte) advised that, in Deloitte's view, these misstatements did not require correction. A Member commented that it could be misleading to describe differences in valuations as "misstatements" when they had arisen due to timing differences when those valuations had been made. He felt that "uncorrected difference" more accurately described the situation.

Resolved -

That the report be noted.

(b) North Yorkshire County Council

Considered -

The report of Deloitte setting out the principal matters which had arisen from the external audit of North Yorkshire County Council for the year ended 31 March 2015.

Celia Craig (Deloitte), in introducing the report, highlighted various matters, including the following:-

- Deloitte anticipated signing the Completion Certificate on 25 or 28 September 2015 as outstanding queries still needed to be resolved and revisions be made to the pack.
- The audit process and quality of information had been very good and the support from the County Council's Finance Team had been exceptional.
- During the audit, no instances of improper grant income recognition had been noted; no indications of management override of controls had been noted; no issues had been noted regarding the recoverability of inter-organisational balances; overall the quality of

valuation information had improved; the work undertaken supported an unqualified VFM conclusion, with the Authority's response to financial pressures being considered appropriate, no matters of concern having been identified from reducing capacity as a result of reducing resources, and no issues reported to indicate deteriorating controls as a result of reducing capacity. In addition, Deloitte had no issues to draw to the Committee's attention regarding the Annual Governance Statement.

- Deloitte had highlighted a number of observations arising from its audit procedures, although none were considered significant issues.
- Electors had raised five matters in relation to 2014/15 with Deloitte. Deloitte's view was that none of the five matters impacted on Deloitte's opinion on the accounts, VFM conclusion or required the exercise of Deloitte's other statutory powers.
- All disclosure deficiencies had been updated in the final version of the accounts.
- Two uncorrected misstatements had been identified in the County Council's accounts. Reference was also made to the misstatements relating to the Pension Fund's accounts, as reported during consideration of the previous item of business.

Following discussion, Members noted the misstatements in the County Council's and that the net impact was £1.9M which was regarded as immaterial.

Celia Craig (Deloitte) reassured Members that Deloitte would sign the Completion Certificate on 25 or 28 September 2015. She also reported that, if an unexpected problem arose before then, Deloitte would sign with a delayed Completion Certificate.

The Corporate Director – Strategic Resources reassured Members that he was happy for the Committee to sign both Letters of Representation submitted to today's meeting.

Resolved -

That the report be noted.

142. North Yorkshire Pension Fund Annual Report 2014/15

Considered -

The report of the Corporate Director - Strategic Resources and Treasurer to the Pension Fund. The report appended the North Yorkshire Pension Fund Annual Report for the financial year 2014/15.

Resolved -

That the report be noted.

143. Review of Statement of Final Accounts (incorporating Annual Governance Statement) – Report of the Members' Working Group

Considered -

The report of the Audit Committee Members' Working Group which:- advised of issues identified by the Working Group in reviewing the draft Statements of Final Accounts and the draft Annual Governance Statement; advised of actions taken as a result of issues being identified; and offered an opinion on the draft Statement of Final Accounts and draft Annual Governance Statement for 2014/15 in advance of the Audit Committee being asked to approve them. The Working Group had comprised the Chairman and Vice-Chairman of the Audit Committee and Mr David Portlock.

It was reported verbally that, subsequent to preparation of the Working Group's report, Members of the Working Group had seen the findings of the County Council's External Auditors and had no further comments to make.

Mr David Portlock highlighted that, in the spirit of continuous improvement, further improvements were to be sought for 2015/16 Directorate Statements of Assurance. He provided an assurance, however, that he supported the Working Group's recommendation that the 2014/15 Statements of Final Accounts and the Annual Governance Statement should be approved.

Resolved -

That the report be noted.

144. Statement of Final Accounts for 2014/15 including Letter of Representation

Considered -

The report of the Corporate Director - Strategic Resources which sought the Committee's approval of the following:- a Letter of Representation for submission to the External Auditor; a Statement of Final Accounts for 2014/15 following completion of the external audit of those accounts; and the Annual Governance Statement for 2014/15.

The Corporate Director – Strategic Resources thanked Katy Riley (Pensions and Projects Accountant) and Tom Morrison (Head of Commercial and Investments) for their work on the Statement of Final Accounts. He also thanked Deloitte for the manner and professionalism in which they had carried out their work.

The Chairman asked that the Minutes record Members' congratulations to the various Directorates which had made savings in the Revenue Budget, as listed on page 5 of the final Statement of Final Accounts.

Resolved -

- (a) That the Letter of Representation, as set out in Appendix A to the report, be approved and the Chairman be authorised to sign the Letter on behalf of the Committee.
- (b) That the changes to the final Statement of Final Accounts 2014/15, as set out in paragraph 4 of the report and Appendix B to the report, be noted; that the final Statement of Final Accounts for 2014/15 be approved as set out in paragraph 5.2 of the report; and that the Chairman be authorised to sign the Balance Sheet as set out at Appendix C to the report.
- (c) That the Annual Governance Statement 2014/15 be approved and the Chairman be authorised to sign the Annual Governance Statement on the Committee's behalf.

145. Annual Report of the Audit Committee

Considered -

The report of the Chairman of the Audit Committee which invited Members to consider, prior to its submission to the County Council, the draft Annual Report of the Audit Committee for the year ended 30 September 2015. The draft Annual Report was appended to the Chairman's report.

Resolved -

- (a) That the report be noted.
- (b) That the draft Annual Report of the Audit Committee be approved for submission to the County Council.

146. Internal Audit Work and Related Internal Control Matters for the Health and Adult Services Directorate

Considered -

- (a) The report of the Head of Internal Audit which advised of the internal audit work performed during the year ended 31 August 2015 for the Health and Adult Services Directorate and gave an opinion on the systems of internal control in respect of that area.
- (b) The report of the Corporate Director – Health and Adult Services which provided details of the draft Risk Register for the Health and Adult Services Directorate.

It was reported that Richard Webb (Corporate Director – Health and Adult Services) was unable to attend this meeting due to other commitments. However, he would be happy to attend a future Audit Committee Member Seminar.

During debate, the following issues were highlighted:-

- The overall opinion of the Head of Internal Audit on the controls operated within the Health and Adult Services Directorate was that they provided Substantial Assurance.
- Paul Cresswell (Assistant Director - Strategic Resources) confirmed that all new public health contracts had followed the County Council's rules concerning procurement.
- Workload had increased significantly (ie rising from 113 cases in 2013/14 to an anticipated 3000 cases for the year 2015/16) as a result of a Deprivation of Liberty Supreme Court ruling in 2014. Whilst the Directorate's performance was good, risks remained in relation to financial and reputational issues including potential legal action. The Officers reassured the Committee that the Directorate had contingency plans in place to deal with the surge in workload.
- A governance review of the Health and Wellbeing Board and Integrated Commissioning Board had already been completed and implemented. The Corporate Director – Strategic Resources advised that a similar review was likely to be undertaken sometime again in the near future and that he intended to discuss this issue further with the Corporate Director, HAS, the Assistant Director – Strategic Resources and the Head of Internal Audit.

Members commended the internal audit work undertaken, and the internal control environment operating, within the Health and Adult Services Directorate.

Resolved -

- (a) That it be noted that this Committee, having considered the report of the Head of Internal Audit, is satisfied that the internal control environment operating in the Health and Adult Services Directorate is both adequate and effective.
- (b) That the draft Risk Register for the Health and Adult Services Directorate be noted.
- (c) That the Corporate Director – Strategic Directors discuss the timing of the next governance review of the Health and Wellbeing Board and Integrated Commissioning Board with the Assistant Director – Strategic Resources and the Head of Internal Audit.

147. Internal Audit Report on Information Technology, Corporate Themes and Contracts

Considered -

The report of the Head of Internal Audit which advised of the internal audit work completed during the year to 31 August 2015 in respect of information technology, corporate themes and contracts and set out an opinion on the systems of internal control in respect of these areas.

During debate, it was highlighted that the overall opinion of the Head of Internal Audit on the framework of governance, risk management and control operating across the three functional areas was that it provided Substantial Assurance. The Head of Internal Audit had commissioned specialist IT audit services from Audit North to support the delivery of this aspect of audit work.

Resolved -

That it be noted that this Committee, having considered the report of the Head of Internal Audit, is satisfied that the overall control environment operating in respect of information technology, corporate themes and contract arrangements is both adequate and effective.

148. Review of Assurance over Value for Money

Considered -

The report of the Corporate Director - Strategic Resources inviting the Committee to consider the arrangements made within the County Council in respect of achieving Value for Money (VFM) and how assurance was obtained about these arrangements.

It was reported that VFM was the optimal use of resources to achieve intended outcomes. A wide ranging package of activities was required to ensure delivery of VFM. Previously reported arrangements provided sound assurance and further enhancements had been made (eg 2020 North Yorkshire Programme; the “plan on a page” approach; a new Corporate Procurement Strategy; base budget reviews; and conducting a business case appraisal process within the 2020 North Yorkshire Programme structure). This would continue as part of how the Council developed itself to meet future challenges and expectations. The overall ambition for development areas was to push for having the right quality of information at the right time.

During debate, Members expressed concern that future external auditors, when judging “proper arrangements” in reaching a VFM conclusion, might not fully appreciate the vast range and complexity of partners with which the County Council worked (eg District Councils, CCGs, NHS Federation Trusts, Police, Fire).

A Member suggested Procurement/VFM as a topic for a future Audit Committee Member Seminar.

Members requested copies, which were easier to read, of Appendices A and B to the report.

Resolved -

- (a) That the arrangements currently in place for assuring Value for Money be noted.
- (b) That it be noted that the Committee is satisfied that the report adequately contributes to the requirement within its terms of reference “to have oversight of the arrangements across the County Council in securing Value for Money”.
- (c) That the Corporate Director – Strategic Resources provide Committee Members which copies, which are easier to read, of Appendices A and B to the report.

149. Review of Finance, Property and Contract Procedure Rules

Considered -

The report of the Corporate Director - Strategic Resources providing an overview of the thinking behind changes which were likely to be recommended to the Finance, Property and Contract Procedure Rules in the near future.

The Corporate Director – Strategic Resources outlined the possible changes described in the report and highlighted that it might be more practical, in future, to bring separately to the Committee Contract, Finance and Property Procedure Rules as and when they were available. This was because the drivers for the changes were often completely separate.

Resolved -

That the report be noted.

150. Programme of Work

Considered -

The report of the Corporate Director - Strategic Resources which invited the Committee to review its programme of work for 2015/16.

Resolved -

That the Programme of Work be noted.

The meeting concluded at 3.25pm.

RAG/JR

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

3 December 2015

PROGRESS ON ISSUES RAISED BY THE COMMITTEE

**Joint Report of the Corporate Director – Strategic Resources
and the Assistant Chief Executive (Legal and Democratic Services)**

1.0 PURPOSE OF THE REPORT

1.1 To advise Members of

- (i) progress on issues which the Committee has raised at previous meetings
- (ii) other matters that have arisen since the last meeting and that relate to the work of the Committee

2.0 BACKGROUND

2.1 This report is submitted to each meeting listing the Committee's previous Resolutions and / or when it requested further information be submitted to future meetings. The table below represents the list of issues which were identified at previous Audit Committee meetings and which have not yet been resolved. The table also indicates where the issues are regarded as completed and will therefore not be carried forward to this agenda item at the next Audit Committee meeting.

Date	Minute number and subject	Audit Committee Resolution	Comment	Complete?
05/12/13	45 – Information Governance	That an update version of the Information Governance Policy Map be circulated to Committee Members.	The suite of information governance policies which have been streamlined were reviewed and agreed by the Corporate Information Governance Group on 16 September 2015. As there were no fundamental changes the Group will be recommending the policies for approval by Management Board.	x
23/09/15	140 – Progress on Issues Raised by the Committee	That the Corporate Director – Strategic Resources check that the necessary arrangements are still in place to send Audit Committee Members quarterly Treasury Management reports	This has been checked and these arrangements are still in place.	✓

Date	Minute number and subject	Audit Committee Resolution	Comment	Complete?
		produced for Executive meetings.		
23/09/15	146 – Internal Audit Work and related Internal Control Matters for the Health and Adult Services Directorate.	That the Corporate Director – Strategic Directors discuss the timing of the next governance review of the Health and Wellbeing Board and Integrated Commissioning Board with the Assistant Director – Strategic Resources and the Head of Internal Audit.	Awaiting latest set of guidelines for Better Care Fund and on-going discussions with Health. Optimum timing will then be determined.	x
23/09/15	148 – Review of Assurance over Value for Money	That the Corporate Director – Strategic Resources provide Committee Members with copies, which are easier to read, of Appendices A and B to the report.	Versions sent electronically.	✓

3.0 TREASURY MANAGEMENT

3.1 Current Treasury Management developments include

- (ii) A joint Treasury Management Consultancy Service is now being provided to both the County Council and Selby District Council, provided by Capita Asset Services – Treasury Management. The contract started on 1 October and is provided to both authorities under the new ‘Better Together’ working arrangements.
- (i) Capita Asset Services – Treasury Management provided an updated interest rate forecast on 10 November 2015. Capita have maintained their first forecast increase in bank rate from 0.5% to 0.75% in mid-2016 with further increases of 0.25% to reach 1.75% by June 2018.

4.0 RECOMMENDATION

- 4.1 That the Committee considers whether any further follow-up action is required on any of the matters referred to in this report.

GARY FIELDING
Corporate Director – Strategic Resources

BARRY KHAN
Assistant Chief Executive
(Legal and Democratic Services)

County Hall
NORTHALLERTON

3 December 2015

Background Documents: Report to, and Minutes of, Audit Committee meeting held on 24 September 2015

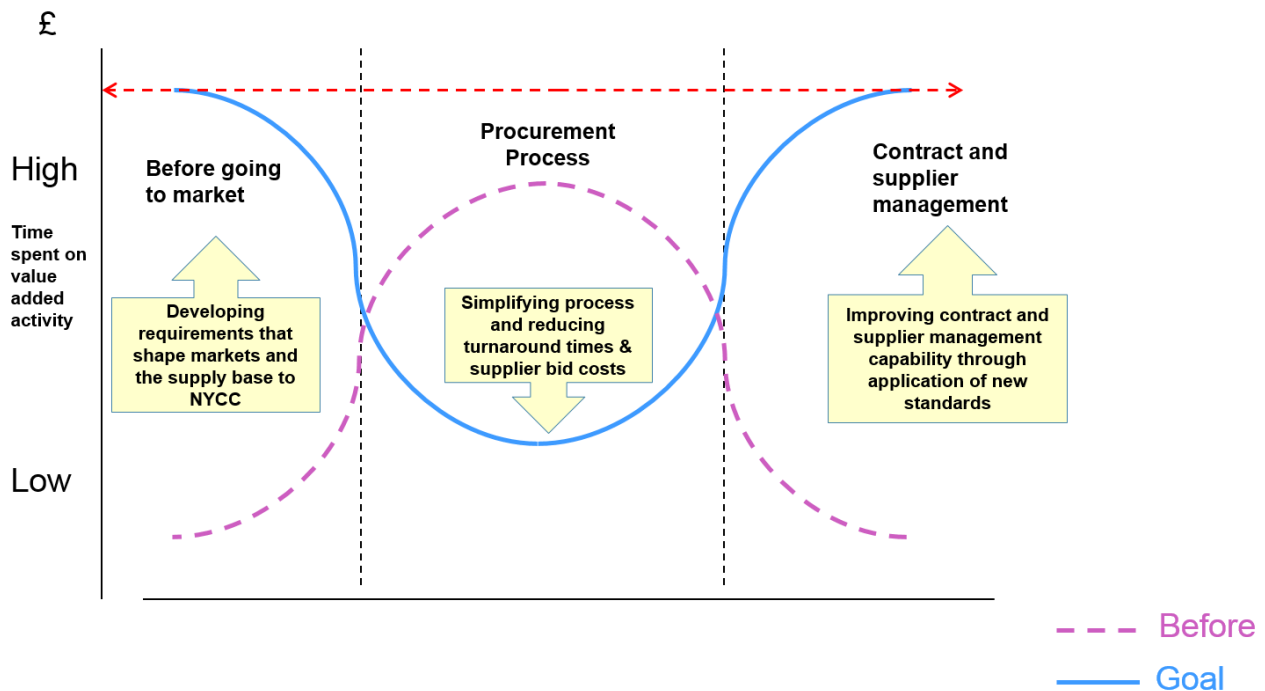
NORTH YORKSHIRE COUNTY COUNCIL**AUDIT COMMITTEE****3rd DECEMBER 2015****REPORT ON CONTRACT MANAGEMENT****Report from Corporate Director, Strategic Resources****1.0 PURPOSE OF THE REPORT**

- 1.1 To inform Members of the arrangements relating to contract management within the County Council and the principles of good contract management.
- 1.2 To describe the developing strategic direction of the Corporate Procurement Group to improving contract management within the Council.
- 1.3 To provide Members with an analysis of the future challenges and risks the Council faces in terms of contract management.
- 1.4 To inform Members of recent activity and next steps.

2.0 BACKGROUND

- 2.1 Contract Management is about the way in which contracts are developed, agreed and managed, in order for them to achieve the benefits expected of them. The Council has contractual arrangements valued at over £300m/year with third party contractors covering products, services and works.
- 2.2 The Council has visibility on its current contracts with them being captured on the Council's Contracts Register which is updated quarterly. Future spending plans are proactively managed through the use of the four Directorate Forward Procurement Plans (FPPs).
- 2.3 As the Council enters into more third party arrangements to find savings good contract management becomes increasingly more important, not only in ensuring suppliers meet their contractual obligations, but in helping to identify its own and supplier risks to achieve savings and continuous improvement throughout the life of the contract. It is important that any savings delivered through the procurement are not "lost" as a result of ineffective contract management.
- 2.4 The benefits to effective contract management are immense for both the Council and contractor. Good contract management can ensure cost effective, reliable and timely services will be provided at an agreed price and a level of quality consistent with a Councils requirements. Contract management also ensures that legal standards, financial probity and management accountability are adhered to whilst maintaining good customer relationships.

- 2.5 A key strand running through the corporate procurement strategy is a need to strengthen both early engagement with suppliers and to ensure that Council officers are well equipped to manage contracts post award. In doing so it recognises that many staff will be more experienced and confident in professional or service delivery arrangements rather than managing a contract with an external supplier.
- 2.6 The illustration below highlights how procurement needs to move to a position where it concentrates much more of its attention on market and supplier management, both before the start of a procurement process and then ensuring the contract itself is properly managed.



3.0 THE PRINCIPLES OF GOOD CONTRACT MANAGEMENT

- 3.1 The following areas are features of good contract and supplier management although the list should not necessarily be regarded as exhaustive:-
- provide corporate support for contract management
 - aim to get continuous improvement in NYCC and contractor's performance
 - invest in developing commercial skills
 - collaborate to maximise gains
 - monitor benchmark costs and performance
- 3.2 Good contract management does require "whole life" thinking about the contract. starting from identifying the need for provision, running through procurement of the goods / services; followed by ensuring delivery of the contract to specification, improving the contract; and ending in a review of the effectiveness of the arrangements.
- 3.3 Contract managers must challenge contracts that are not delivering with insufficient time being spent on re-negotiation and improvement of the provision due to issues such as cultural fear to challenge, lack of time and insufficient skillset to deal effectively with the supplier.

3.4 A good contract management approach allows for the Contract Manager to explore improvements with the supplier and to adopt a more strategic approach to Contract Management. This in turn improves the likelihood that the next time the contract is put out to procurement the competitive exercise delivers a fit for purpose contract.

4.0 DEVELOPING A RENEWED STRATEGIC DIRECTION

4.1 The Corporate Procurement Group has finalised the revised Corporate Procurement Strategy for the period 2014 to 2020. Contract Management is an important strand of the Strategy, with the following areas being particularly pertinent:-

What we need to achieve the vision

Contract management should be developed in a manner which demonstrates that contracts are governed, written and managed to help deliver the Council priorities.

Ensure that the service being provided is being delivered as agreed, to the required level of performance and quality

Maintaining the contract administration and changes to the contract documentation

Maintain the relationship between the two parties as open and constructive, aiming to resolve tensions and identify problems early and to deliver continuous improvement

Add value throughout the life of the contract

4.2 An action plan is being developed in order to address all of the above areas. Key themes emerging in the action plans include the following:-

- Identifying staff who carry out the role of Contract Manager and performing a skills audit to identify training gaps
- Improving commercial awareness across the Council as a whole and particularly those with Contract Management responsibilities
- Designated contract management support available for strategic contracts focusing on relationship management.

4.3 The Contract Management strand of the Procurement Strategy Action Plan is now being led by a specific post relating to Contract Management. This was filled on an invest to save basis. The cost of engagement was recovered within the first 3 months of a 12 month trial period. The role was extended, and to date has saved a total of £232,772.

4.4 Work within the Contract Management strand of the Procurement Strategy Action Plan is progressing well. There continues to be close liaison between Procurement and Audit with regular meetings discussing areas of concern and appropriate actions, such as resource support. Further support to contract managers will be available both in terms of direct links from the new procurement manual to contract management tools and formal NYCC contract management resource delivering training to internal colleagues. Procurement professionals will also be provided with workshops to train and improve their contract management skills with concepts and

initiatives being reviewed and applied where appropriate from professional bodies, such as the International Association for Contract and Commercial Management (IACCM).

5.0 CHALLENGES FACING THE COUNCIL ON CONTRACT MANAGEMENT

5.1 In support of the Contract Management Strand of the Corporate Procurement Strategy, an external review of the Council's arrangements was carried out in August 2015. This health check was carried out by Local Partnerships. The aim of the health check was:-

- To assist in identifying the effectiveness of contract management;
- To identify areas for potential improvement;
- To assist in the realisation of potential savings;
- To facilitate best practice and knowledge sharing in relation to procurement and commissioning practice;
- To promote joint working and partnerships in order to deliver best value.

5.2 The health check reported back many of the issues already known and that are highlighted in this report. Some potential improvements suggested were:-

- Up skilling contract managers and sharing contract management practices and experience across directorates.
- Setting up a short and regular contract management forum to allow contract managers to share experience and best practice (one hour, once per month); each session to focus on a single topic or practical case-study;
- Carry out an initial formal briefing when someone takes on a contract for the first time from a member of procurement or legal (i.e. not just the service owner) to go through the contract and help the new person to understand the contractual obligations on both parties;
- Recognise contract management as a "professional skill", enhancing contract management training to include negotiation skills and behavioral competencies;
- Introducing a mentoring programme targeted on those service areas where performance is found to be weak.

5.3 These suggestions were reviewed by the Corporate Procurement Group to understand the practicality of implementation and the resources required. All of the suggestions are now part of the Contract Management strand Action Plan and will be implemented accordingly.

5.4 During this period of austerity there is greater emphasis on the need to be good at contract management but, at the same time, we are presented with some increased pressures. Some of these themes are explored further in the remainder of this section.

Council capacity – staffing numbers have consistently reduced over the last 4 years as a result of the Council's savings programmes. This raises the prospect of less time being spent on managing a contract with a subsequent increased scope of contract "drift" with adverse impacts for the Council

Council skills – The Council is a multi-functional organisation where many of its suppliers are dedicated to particular services or products. As a result, suppliers can often be more knowledgeable and / or more commercially orientated. In such cases, there is a heightened risk that suppliers are exercising more control in the contract than is desirable.

Contractor behaviour – as the Council has been seeking savings, beneficial prices have been secured in many procurements (as witnessed through analysis of forward procurement plans). Suppliers cannot fail to have understood the need for the public sector to make savings and therefore understand that they need to be more competitive at the point of procurement. Suppliers may, however, have identified opportunities to increase margins following appointment through contract variations. Whilst such behaviours should be tested as much as possible during procurement, such practice can only be picked up at contract management stage and requires robust management on the part of the Council.

Poor quality contracts – some suppliers may well ensure delivery within the financial envelope but seek to reduce their costs by providing goods / services at a quality below the threshold set out in the contract.

Contract management given insufficient attention by staff – there is a risk that contract management is seen as a ceremonial role, or an “add- on” to the day job. Some staff are likely to be managing contracts but have come to this arrangement with little in the way of commercial experience. Some staff may regard contract management as part of the procurement function and therefore falling within the remit of Procurement. It is therefore essential that there is clarity of responsibility and support is provided accordingly.

- 5.5 A systematic approach across the Council is required to identify those areas of highest risk and to deploy resources effectively in order to understand the commercial realities involved in contractual relationships.

6.0 NEXT STEPS

- 6.1 As the Audit Committee will be aware, Internal Audit already carry out reviews into contract management which are reported on an annual basis. Issues are picked up accordingly and fed into the Corporate Procurement Strategy. A member of Internal Audit management is now part of the Corporate Procurement Group to ensure that there is good two way knowledge transfer.
- 6.2 The Corporate Procurement Strategy features many of the actions identified above and a targeted delivery plan for contract management training has already begun.
- 6.3 The Action Plan for the Corporate Procurement Strategy is being produced on a SMART basis with clear actions; a key accountable officer; and a specific date for delivery. Monitoring of this action plan will therefore be undertaken alongside all of the embedded procurement disciplines such as Forward Procurement Plans and the Gateway approach.
- 6.4 Through the Corporate Procurement Strategy we are committed to improving our approach to contract management and will continue to develop our approach over

the next five years. We will ensure that our approach to contract management is appropriately commercial and our processes stand up to scrutiny and challenge.

7.0 **RECOMMENDATIONS**

7.1 Members are asked to:-

- (i) note the content of this report.
- (ii) identify areas and provide comments in order to further add value to the ongoing work on Contract Management.

Gary Fielding
Corporate Director, Strategic Resources

Author of Report –

Kevin Draisey
Head of Procurement and Contract Management
17 November 2015

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

3rd DECEMBER 2015

REVIEW OF THE CONTRACT PROCEDURE RULES

Report of the Corporate Director – Strategic Resources

1.0 PURPOSE OF REPORT

- 1.1. To inform Members on the latest thinking relating to potential changes to the Contract Procedure Rules (the Rules).

2.0 BACKGROUND

- 2.1. According to the Audit Committee Terms of Reference the Audit Committee is to review and recommend to the Executive, changes to the Contract Procedure Rules.
- 2.2. A comprehensive review of the Rules takes place following County Council elections every four years; however it is recognised that in the interim there is a need to ensure the Rules are kept up to date for organisational and legal reasons.
- 2.3. This report identifies specific changes to the Rules, set out in **Appendix 1**, for subsequent referral to the Executive. The complete proposed Contract Procedure Rules are set out in **Appendix 2**.
- 2.4. This report seeks to give members of the Audit Committee an overview of the thinking behind the proposed changes which will take effect from 1st April 2016.

3.0 PROPOSED FUTURE CHANGES

- 3.1. The Contract Procedure Rules govern how we procure goods, services and works and have over recent years been reviewed annually without significant change. Most changes arise in relation to OJEU procurement processes in response to changes in The Public Contract Regulations. The latest significant amendments were implementation of The Public Contract Regulations 2015, earlier this year.
- 3.2. The revised Public Contract Regulations 2015 aim to:
- Simplify the procurement process
 - Speed up procurement process

- Provide a more cost effective procurement processes
- Promote sustainable procurement
- Drive supplier engagement and innovation
- Provide increased flexibility in relation to certain social and other specific service contracts covered by the light touch regime (LTR)
- Open competition to SMEs through removal of the Pre-Qualification Questionnaire for below threshold procurement exercises.

3.3. The Corporate Procurement Strategy sets the vision “to be outcome focused ensuring that all Commissioning, Procurement and Contract Management activity delivers Value for Money and efficiencies for the Council”. The recent changes to The Public Contract Regulations 2015 support the Council in delivering this vision and need to be embraced within the Rules to ensure the flexibilities apply to non-OJEU procurements.

4.0 KEY CHANGES

4.1. Financial thresholds and associated procurement process

4.1.1. Section 2.10.1 of the revised Rules (**Appendix 2**) sets out the main changes related to the financial thresholds. They are summarised below:-

Goods and Services

4.1.2. Currently for spend up to £5,000 there is no mandatory process, however Officers must ensure value for money. Under the proposed changes there will be no mandatory process for spend up to £25,000. However if Officers choose to apply this rule they must capture the rationale for not seeking quotations, including how they know the direct award will deliver value for money. This will be captured in a Best Value form. Audit will undertake regular dip sampling related to the application of this Rule to ensure compliance.

4.1.3. It is proposed that for spend between the values of £25,000 up to the OJEU level (£172,514), bids must be sought using the e-tendering system. These will be open for any qualified supplier to bid on, and will allow greater chances for local suppliers and SMEs to bid for our contracts at this level.

Works

4.1.4. Specifically in relation to Works procurement it is proposed that for spend between the values of £25,000 up to £4,322,012 bids must be sought using the e-tendering system. These will be open for any qualified supplier and also support SMEs and the local economy. .

4.1.5. Previously any works procurement above £100,000 would result in a tender. Feedback from local Contractors has informed us the tendering process is

seen as overly bureaucratic; time consuming and involves too much paperwork. Contractors want to see a simplified, streamlined process. The revised approach supports this ethos.

- 4.1.6. Members should note that due to the category sourcing strategy in relation to Works procurements the Council has a well-established route to market for this area of spend. The majority of Works expenditure is delivered through a combination of Framework Agreements covering a range of services from small works, larger complex works through to routine maintenance. As such it would only be in exceptional circumstances where we would envisage a bid process taking place outside of a further competition through the Framework Agreements.
- 4.1.7. The way in which the Contractor Framework Agreements are set-up ensures that the most economically advantageous Contractors are awarded places on the initial Framework. The Council then ensures value for money on a case by case basis by running a further competition where appropriate to do so. In other instances the Framework Agreement may be single supplier, however continuous market engagement and contract management ensures value for money is constantly reviewed.

Light Touch Regime

- 4.1.8. The new Light Touch regime (LTR) is a specific set of rules for certain service contracts that tend to be of lower interest to cross-border competition e.g. some social, health and educational services.
- 4.1.9. It is proposed that in relation to procurements with a value of £25,000 - £625,050 which fall into the new LTR bids must be sought using the e-tendering system. These will be open for any qualified supplier to bid on, and will allow greater chances for local suppliers and SMEs to bid for our contracts at this level.
- 4.1.10. Previously any Part B service¹ procurements above £100,000 would be subject to a tendering process. Generally, due to the nature of the services which are governed by this category, such as social care, the tendering process does not necessarily deliver the flexibilities required, in terms of timescales in particular.
- 4.1.11. Due to the nature of the services there will be very few scenarios where the aggregate contract spend in an area such as social care falls below £625,050 and therefore the procurement will be subject to The Public Contract Regulations 2015, Social and Other Specific Services.

¹ Part B services have been removed under the Public Contract Regulations 2015. The Light Touch Regime replaces what was "Part B Services" under the Public Contract Regulations 2006 although the number of services that are covered by LTR is reduced when compared to the previous Part B. This is to ensure that contracts which are of cross boarder interest are exposed to EU competition.

4.1.12. The LTR empowers public sector organisations to take radical new approaches to the commissioning of areas such as social care. Due to the category sourcing strategy for social care, both Health and Adult Services (HAS) and Children and Young People's Service (CYPS) have established routes to market mainly via Approved Lists and Framework Agreements. The operational model in place to commission work via these mechanisms ensures that value for money is delivered on a case by case basis taking account of the client needs. It should be noted that an added complexity to the category of social care is individual choice which the new LTR enables Councils to take account of. It would only be in exceptional circumstances where procurement would take place on an ad hoc basis.

Grants

4.1.13. Both the Contract Procedure Rules and Finance Procedure Rules are currently largely silent around grants, and in particular the decision making process carried out by officers around whether a Grant would be a preferable means to achieving the Councils objectives, rather than following a competitive Bid process.

4.1.14. This is now addressed under section 21 of the Contract Procedure Rules, and will be accompanied by additional guidance for Officers in the Procurement Manual.

4.1.15. Where the value of a Grant exceeds £25,000, there is discretion to conduct a competitive application process for the award of that Grant if doing so demonstrates best value for the Council. If there is no competitive application process then the Best Value Form must be completed to capture the rationale for the decision.

4.1.16. Where the value of a Grant exceeds the relevant EU Threshold, the Gateway Process must be followed. This will provide additional scrutiny and assurance that value for money is attained and the required outcomes are delivered.

4.2. Transparency

4.2.1. We will continue to ensure transparency of forthcoming expenditure for contracts using the Forward Procurement Plan (FPP) which is published to all potential suppliers to raise awareness of opportunities to work with the council. Previously the FPP detailed all contracts above £10,000. It is proposed that all expenditure is now included in the FPP.

4.2.2. With the introduction of the national Contracts Finder system, where appropriate, the Council will publish all contracting opportunities on this system.

4.2.3. Where the procurement is subject to the OJEU threshold the opportunity will be published in the official journal. As such all of the above will ensure openness and transparency.

4.3. Financial thresholds and internal Gateway approval

4.3.1. Under the proposed changes Officers will only be required to complete the Gateway process for procurement in line with the relevant OJEU threshold e.g.

- Goods and Services £172,514
- Social and Other Specific Services £625,050
- Works £1,000,000

4.3.2. Under the previous Rules all procurements over £100,000 were subject to the Gateway process. This aligns the Gateway process to the Public Contract Regulations 2015 financial thresholds², the point at which the OJEU tendering process applies.

4.3.3. As outlined in section 4.1 above, due to the aggregated contract value on Social and Other Specific Services and Works procurements the overarching route to market will be subject to the Gateway process.

4.4. Small and Medium Enterprise (SMEs)

4.4.1. Through our procurement initiatives, including the Corporate Procurement Strategy and some of the key changes outlined within this report, we are ensuring that SMEs have access to NYCC contract opportunities, making it easier for them to do business with us and therefore aiming to increase spend either directly or in supply chains, which goes to SMEs and the local economy.

4.4.2. Section 4.2 of the report outlines how we will ensure transparency of the opportunities. We will continue to publish the FPP quarterly, detailing the procurement pipeline, giving businesses the confidence and time to invest in skills and capabilities to deliver the contracts. This will also enable SMEs to identify opportunities for collaborative working to deliver contracts.

4.4.3. Further to this, through the commissioning and procurement cycle we are engaging SMEs and voluntary and community sector organisations through early market engagement. This helps develop the overarching strategy and ensures that we work together to take innovative approaches to delivering services which meet future customer and business needs.

4.4.4. Simplifying the process and operating to more flexible EU procurement rules where applicable will also support SMEs as the process is less bureaucratic; time/resource intensive and less costly.

5.0 RECOMMENDATIONS

²With the exception of Works procurements where the Gateway process will take effect for spend of £1m+.

- 5.1. Members of the Audit Committee are requested to note the contents of the report and to offer any observations in advance of a formal request for changes to the Rules.

Gary Fielding
Corporate Director, Strategic Resources

Author of Report –

Gary Fielding
Corporate Director, Strategic Resources

and

Kevin Draisey
Head of Procurement and Contract Management
17 November 2015

Appendix 1

CONTRACT PROCEDURE RULES

SUGGESTED AMENDMENTS

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
		Not currently included	Best Value Form means the form to be completed to capture the rationale for not seeking bids in accordance with Rule 8.1	To provide clarity.
		Contract Register means the register of Contracts maintained by the Council as set out in Rule 17.8	Contract Register means the register of Contracts maintained by the Council as set out in Rule 16.8	To provide clarity.
		Not currently included	Directors Recommendation means a written record of the decision and justification to apply one of the exceptions set out in Rule 15.1 to be signed and kept by the relevant Director.	To provide clarity.
		FPP means the Forward Procurement Plan maintained as described in Rule 17.5.	FPP means the Forward Procurement Plan which outlines all future procurement requirements of the Council	To provide clarity.
		Framework Agreement means an agreement with one or more contracting authorities and one or more economic operator which establishes an arrangement for:	Framework Agreement means an agreement with one or more contracting authorities and one or more economic operator which establishes an arrangement for:	New definition to take account of the Public Contract Regulations 2015.

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
		Not currently included	ITB means an Invitation to Bid.	To provide clarity.
		Not currently included	Key Decision means a decision made in connection with the discharge of a function which is the responsibility of the Executive as set out in Article 13.03(b) of the Constitution [insert hyperlink]	To provide clarity.
		Not currently included	OJEU Tender means the procurement process to be followed where the estimated whole life value of a Contract exceeds the relevant EU Threshold	To provide clarity.
		Not currently included	Waiver Request Form means the prescribed form to be completed when requesting a waiver in accordance with Rule 15.4	To provide clarity.
1.2 (e)	1.2 (e)	Directors, the CD-SR and the ACE(LDS) shall be taken to include such Officers as are designated by those officers to undertake the duties and responsibilities set out in these Rules, except in the case of the following Rules:- (i) Director - Rules 8.6, 15.1(d), (g) and (h), 15.3(b) and 17.1 (ii) CD-SR - Rules 2.1, 2.4, 2.5, 8.6, 15.1(h), 15.3(b), 15.4, 15.5, 15.7, 16.2 and 17.1 (iii) ACE(LDS) - Rules 2.1, 2.4, 2.5, 8.6, 15.3(b), 15.4, 15.5, 15.7, and 17.1	Directors, the CD-SR and the ACE(LDS) shall be taken to include such Officers as are designated by those officers to undertake the duties and responsibilities set out in these Rules, except in the case of the following Rules:- (i) Director - Rules 8.6, 15.1(d), (g) and (h), 15.3(b) and 17.1 (ii) CD-SR - Rules 2.1, 2.4, 2.5, 8.6, 15.1(h), 15.3(b), 15.4, 15.5, 15.7, 16.2 and 17.1 (iii) ACE(LDS) - Rules 2.1, 2.4, 2.5, 8.6, 15.3(b), 15.4, 15.5, 15.7, and 17.1	To amend references to the Rules.

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
2.5	2.5	The CD-SR and the ACE(LDS) have produced a Procurement Manual which provides detailed guidance on procurement techniques and the effect of the Rule. The Procurement Manual also sets out important issues to be considered in the procurement context. These Rules should be read in conjunction with the Procurement Manual.	The CD-SR and the ACE(LDS) have produced a Procurement Manual which sets out important issues to be considered in the procurement context. These Rules should be read in conjunction with the Procurement Manual.	To remove repetition. The glossary provides a definition of the Procurement Manual.
2.9	2.10	Wherever possible and appropriate procurement shall be undertaken using the standard precedent documents contained in the Procurement Manual applying to PQQ's, ITT's or to submit quotations. Wherever alternative documents are to be used they must be approved by ACE(LDS) in consultation with CPG(or the DPC) as appropriate.	Wherever appropriate procurement shall be undertaken using the standard precedent documents contained in the Procurement Manual applying to PQQ's, ITT's or ITBs. Wherever alternative documents are to be used they must be approved by the Director and where appropriate the ACE(LDS).	To provide clarity. To comply with the Gateway process. All documentation is approved by the DPC.
N/A	2.11	Not currently included	Where the total Contract value for procurement is within the values in the first column of Tables 1-3, below, the award procedure in the second column must be followed.	
N/A	Table 1 -3	Not currently included	Added a table which outlines minimum requires related to financial thresholds.	To provide clarity. To provide improved flexibilities for Procurement staff.
4.2	4.2	Directors shall ensure that a written record of the decision to procure a Contract is made and, where such a decision comprises a Key Decision under the Constitution, Directors shall ensure that it is entered on to the Forward Plan and treated as a	Directors shall ensure that a written record of the decision to procure a Contract is made in line with the Gateway process where Rule 17 applies. Where such a decision comprises a Key Decision under the Constitution, Directors shall ensure that it	To provide clarity.

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
		Key Decision in all respects.	is entered on to the Forward Plan and treated as a Key Decision in all respects.	
5.1	5.1	Every contract exceeding £100 shall be evidenced in writing (by the use of a purchase order form exchange of correspondence or other written medium).	Every contract shall be evidenced in writing (by the use of a purchase order exchange of correspondence or other written medium).	To make it explicate that all purchases should be covered by a form of contract.
5.2	5.2	Every contract exceeding £25,000 in value shall be documented by a written form of agreement. Wherever appropriate and possible, such written agreements shall be made on the basis of terms and conditions agreed by the ACE(LDS). Such terms and conditions may be incorporated into standard order conditions. The Council may accept different terms and conditions proposed by a Contractor provided that the advice of the ACE(LDS) as to their effect has been sought and considered.	Wherever appropriate, and for all Contracts exceeding £25,000 in value, such written agreements shall be made on the basis of terms and conditions agreed by the ACE(LDS). Such terms and conditions may be incorporated into standard order conditions. The Council may accept different terms and conditions proposed by a Contractor provided that the advice of the ACE(LDS) as to their effect has been sought and considered.	To provide clarity.
5.3	5.3	The written form of agreement for all contracts exceeding £25,000 in value must clearly specify the obligations of the Council and the Contractor and shall include:- (a) the work to be done or the Supplies, Services or Social and Other Specific Services to be provided	The written form of agreement must clearly specify the obligations of the Council and the Contractor and shall include:- (a) the work to be done or the Supplies, Services or Social and Other Specific Services to be provided (b) the standards which will apply to	To provide clarity.

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
		<p>(b) the standards which will apply to what is provided</p> <p>(c) the price or other consideration payable</p> <p>(d) the time in which the Contract is to be carried out</p> <p>(e) the remedies which will apply to any breach of Contract.</p>	<p>what is provided</p> <p>(c) the price or other consideration payable</p> <p>(d) the time in which the Contract is to be carried out</p> <p>(e) the remedies which will apply to any breach of Contract.</p>	
5.4	N/A	Where considered appropriate by the CD-SR, term contracts and framework contracts may include a financial limit above which value, work to be done or Supplies, Services or Social and Other Specific Services to be supplied shall be subject to a separate procurement exercise in accordance with these Rules.	Delete	This relates to practicalities of procurement and does not require a specific rule.
5.5	5.4	<p>The written form of agreement for all contracts exceeding £25,000 in value must include the following or equivalent wording:-</p> <p>(a) "If the Contractor:-</p> <p>(i) Has offered any gift or consideration of any kind as an inducement or disincentive for doing anything in respect of this Contract or any other Contract with the Council, or</p>	<p>The written form of agreement for all Contracts exceeding £25,000 in value must include the following or equivalent wording:-</p> <p>(a) "If the Contractor:-</p> <p>(i) Has offered any gift or consideration of any kind as an inducement or disincentive for doing anything in respect of this Contract or any other Contract with the Council, or</p>	To provide clarity.

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
		<p>(ii) Has committed any offence under the Prevention of Corruption Acts 1889 to 1916 or the Bribery Act 2010, or</p> <p>(iii) Has committed an offence under Section 117 (2) of the Local Government Act 1972</p> <p>the Council may terminate the Contract immediately and will be entitled to recover all losses resulting from such termination”.</p>	<p>(ii) Has committed any offence under the Bribery Act 2010, or</p> <p>(iii) Has committed an offence under Section 117 (2) of the Local Government Act 1972</p> <p>the Council may terminate the Contract immediately and will be entitled to recover all losses resulting from such termination”.</p>	
6.1	6.1	Every written Contract must be either signed or sealed in accordance with this Rule and where Contracts have a value exceeding £50,000 they <u>must</u> be either sealed, or signed by two Officers as described below.	Every written Contract must be either signed or sealed in accordance with this Rule.	To provide clarity. Further amendments under Rule 6 provide further clarity on which Officers can sign contracts.
6.2.1	6.3	<p>The ACE(LDS) also authorises such Contracts to be signed by Directors (or by an Officer authorised by a Director to sign on the Director’s behalf) up to and including £500,000 provided that:-</p> <p>(a) appropriate authority exists for the Council to enter into the Contract, and</p> <p>(b) the Contract is either:-</p> <p>(i) in a nationally recognised form, or</p> <p>(ii) a standard form prepared or approved by the ACE(LDS), or</p> <p>(iii) is otherwise in a form approved by the ACE(LDS); and</p> <p>(c) any variations to approved forms of Contract must themselves be approved by the ACE(LDS),</p>	<p>The ACE(LDS) also authorises such Contracts to be signed as outlined in Rule 2.11, Table 1-3 provided that:-</p> <p>(a) appropriate authority exists for the Council to enter into the Contract, and</p> <p>(b) the Contract is either:-</p> <p>(i) in a nationally recognised form, or</p> <p>(ii) a standard form prepared or approved by the ACE(LDS), or</p> <p>(iii) is otherwise in a form approved by the</p>	To provide clarity on which Officers are authorised to sign contracts.

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
		whether or not they are effected by amending the Contract itself or by correspondence	ACE(LDS); and (c) any variations to approved forms of Contract must themselves be approved by the ACE(LDS), whether or not they are effected by amending the Contract itself or by correspondence	
6.2.2	N/A	Contracts that exceed £500,000 shall be signed by: (a) the ACE(LDS) (or a Legal and Democratic Services' Officer authorised by him); and (b) an authorised signatory in the relevant Directorate (or another Legal and Democratic Services' Officer authorised by the ACE(LDS)).	Delete	Further amendments to Rule 6 and the additional information added at Rule 2.11 provides clarity on signing of contracts.
6.2.3	6.3	Only the ACE(LDS) (or a Legal and Democratic Services' Officer authorised by the ACE(LDS)) may seal a Contract on behalf of the Council, in each case being satisfied that there is appropriate authority to do so.	Only the ACE(LDS) (or a Legal and Democratic Services' Officer (LDSO) authorised by the ACE(LDS)) may seal a Contract on behalf of the Council, in each case being satisfied that there is appropriate authority to do so.	To provide clarity and re-numbering.
7.1	7.1	Directors (in consultation with the CD-SR) shall consider whether to include provision for the payment of liquidated damages by a Contractor for breach of Contract in all contracts which exceed £100,000 in value. Such consideration shall be recorded in the Gateway Processes.	Where appropriate Directors (in consultation with the CD-SR) shall consider whether to include provision for the payment of liquidated damages by a Contractor for breach of Contract. Such consideration shall be recorded in the Gateway Process (Stage 1).	To provide clarity.
8.1	8.1	Where the estimated value of a contract is £5,000 or less the invitation of quotations is not mandatory, but written quotations should be invited where appropriate and best value should always be	Where the estimated value of a Contract is £25,000 or less the invitation of Bids is not mandatory, but written Bids should be invited where appropriate and best value should always	To increase the threshold for Officers being able to demonstrate best value without the need to complete

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
		sought.	be sought. If an Officer is not seeking three Bids then the Best Value Form must be completed to capture the rationale for this decision.	<p>a bid process as outline in Rule 8.2.</p> <p>To ensure that where Officers are not seeking bids a rational for this is captured.</p> <p>To provide flexibility.</p>
8.2	8.2	If the estimated value of a contract exceeds £5,000 but is less than £100,000 at least three written quotations must be invited from suitable potential Contractors. The estimated value of the Contract shall be recorded in writing prior to quotations being sought. Quotations with a value exceeding £5,000 should be invited using the E-Sourcing System and quotations above £25,000 must be invited using the E-Sourcing system.	If the estimated value of a Contract exceeds £25,000 but is less than the appropriate EU Threshold, Bids must be invited from all potential Contractors in accordance with Rule 2.11, Tables 1-3 . A notice advertising the opportunity shall be published through the E-Sourcing System and on Contracts Finder and, if considered appropriate, a local newspaper and a suitable professional or trade journal or website. The form of advertising shall take into account the value, location and subject matter of the Contract. The notice shall specify brief details of the Contract, how the ITB documents may be obtained and the closing date for receipt of Bids by the Council.	<p>To provide flexibility and clarity.</p> <p>Contract value is recorded on the evaluation model and on the FPP this relates to BAU process.</p>
8.3	N/A	If a Director, in consultation with the DPC, considers it to be appropriate that any ITQ shall be available to all potential Participants then a notice advertising the opportunity shall be published through the E-Sourcing System and on Contracts Finder and, if considered appropriate, a local newspaper and a suitable professional or trade journal or website. The form of advertising shall take into account the value, location and subject matter of the Contract.	Delete	This detail is more appropriate for the Procurement Manual and will be reflected in this practical guidance document.

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
		The notice shall specify brief details of the Contract, how the ITQ documents may be obtained and the closing date for receipt of quotations by the Council.		
8.4	8.3	All potential Contractors invited to submit quotations shall be provided in all instances with identical information and instructions. Where considered appropriate, Directors may permit potential Contractors who have been selected to submit quotations under Rule 8.2 to also submit variant quotations (i.e. quotations which do not comply with some or all of the requirements of the primary quotation). The same opportunity to submit variant quotations must be given to all potential Contractors	All potential Contractors invited to submit Bids shall be provided in all instances with identical information and instructions. Where considered appropriate, Directors may permit potential Contractors who have been invited to submit Bids under Rule 8.2 to also submit variant Bids (i.e. Bids which do not comply with some or all of the requirements of the primary Bid). The same opportunity to submit variant Bids must be given to all potential Contractors.	Amended reference from quotation to bid and re-numbering only.
8.5	8.4	<p>A written quotation may only be considered if:-</p> <p>(a) it has been received electronically through the E-Sourcing System, or</p> <p>(b) it has been received in a sealed envelope marked "Quotation" and indicating the subject matter of the quotation and</p> <p>(c) it has been opened after the expiry of the deadline for submissions and at the same time as other quotations for the same subject</p>	<p>A written Bid may only be considered if:-</p> <p>(a) it has been received electronically through the E-Sourcing System, or</p> <p>(b) (where permitted in exceptional circumstances) it has been received in a sealed envelope marked "Bid" and indicating the subject matter of the Bid and</p> <p>(c) it has been opened after the expiry of the deadline for submissions and at the same time as other Bids for the same subject matter in the presence of at least two Officers authorised to open Bids..</p>	<p>To provide clarity.</p> <p>Amended reference from quotation to bid.</p> <p>Re-numbering.</p>

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
8.6	8.5	Before quotations of a value in excess of £25,000 are requested it must be recorded in writing whether the lowest price or the most economically advantageous quotation should be accepted. Where both price and quality are to be factors (i.e. where the most economically advantageous quotation applies) the quality criteria must be identified and the weighting between price and quality established and recorded before quotations are requested. The criteria should be stated in the request for quotation sent to suppliers.	Before Bids with a value in excess of £25,000 are requested the evaluation criteria must be recorded in writing in the ITB evaluation model. The evaluation criteria must be identified and the weighting between price and quality established and stated in the request for Bids sent to Participants.	To provide clarity. Amended reference from quotation to bid. Re-numbering.
8.7	N/A	Price/quality quotation evaluation models shall be lodged with Internal Audit before any quotations are opened. The Director shall evaluate quotations using the evaluation model lodged with Internal Audit.	Delete.	Evaluation models are held on YORtender and auditable. Rule 8.5. ensures evaluation models are prepared prior to submission of bids.
8.8	8.6	If a quotation other than the lowest or the most economically advantageous quotation (as the case may be) is to be accepted, the written approval of the Director (in consultation with the CD-SR or if the relevant Director is the CD-SR, in consultation with the Chief Executive) shall be sought and obtained before the quotation is accepted.	If a Bid other than the most economically advantageous Bid is to be accepted, the written approval of the Director (in consultation with the CD-SR or if the relevant Director is the CD-SR, in consultation with the Chief Executive) shall be sought and obtained before the Bid is accepted.	To provide clarity. Most economically advantageous bid covers price only as well as price and quality. Re-numbering.
8.9	8.7	A quotation for a price in excess of £100,000 may be accepted if (and only if):- (a) the original documented estimated price was less than £100,000 and (b) the price quoted does not exceed that	A Bid cannot be accepted where the value exceeds the relevant EU Threshold. If the value of the Bid exceeds the relevant EU Threshold a Director must seek tenders in accordance with Rules 10 and 11.	To provide clarity. Re-numbering.

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
		<p>original documented estimated price by more than 10% and</p> <p>(c) the written approval of the Director (in consultation with the CD SR) has been obtained.</p> <p>If the conditions at (a), (b) and (c) are not met, Directors must seek tenders in accordance with the Rule 9 and 10.</p>		
8.10	N/A	Where a quotation involves payment to the Council, the provisions of Rules 8.5 and 8.7 shall apply except that the word “lowest” shall be replaced by the word “highest” in these paragraphs.	Delete	To provide clarity. Amendments to Rule 8. Means Rule 8.10 is no longer applicable.
8.11	8.9	Quotations may be altered only in accordance with Rules 13.1 and 13.2.	Bids may be altered only in accordance with Rule 9.	To provide clarity – change of Rule reference.
8.12	8.8	Before a Contract is awarded after a quotation exercise such steps shall be taken, in conjunction with the CD-SR, as are reasonably necessary (having regard to the subject matter, value, duration of the Contract and other relevant factors) to complete a risk assessment of the potential Contractor’s financial stability.	Before a Contract is awarded after a Bid exercise such steps shall be taken by the Responsible Officer, in conjunction with the CD-SR, as are reasonably necessary (having regard to the subject matter, value, duration of the Contract and other relevant factors) to complete a risk assessment of the potential Contractor’s financial stability.	Amended reference from quotation to bid. Re-numbering.
13.0	9.0	<p>POST TENDER NEGOTIATION AND CLARIFICATION</p> <p>13.1 Post tender negotiations may not be undertaken where the value of the Contract</p>	<p>POST BID NEGOTIATION AND CLARIFICATION</p> <p>9.1 Post Bid negotiations may not be undertaken where the value of the Contract</p>	To provide clarity. Due to changes in thresholds negotiations can only be

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
		<p>exceeds the relevant EU Threshold.</p> <p>13.2 Post tender negotiations with selected tenderers shall only be carried out where:-</p> <p>13.2.1 post tender negotiations are permitted by law; and</p> <p>13.2.2 the Director in consultation with the CPG considers that added value may be obtained; and</p> <p>13.2.3 that post tender negotiations are to be conducted by a team of suitably experienced officers approved by the Director and who have been trained in post tender negotiations; and</p> <p>13.2.4 a comprehensive, written record of the negotiations is kept by the Council; and</p> <p>13.2.5 a clear record of the added value to be obtained as a result of the post tender negotiations is incorporated into the Contract with the successful Participant.</p> <p>13.3 Rules 13.1 and 13.2 shall not operate to prevent clarification of all or part of any tender to the extent permitted by law and where such clarifications are sought the provisions of Rules 13.2.3 and 13.2.4 shall apply, except that the word "clarification" shall be substituted for the word "negotiation" in these Rules.</p>	<p>exceeds the relevant EU Threshold. If the value of a Bid exceeds the relevant EU Threshold, the Director must invite tenders in accordance with Rules 10 and 11.</p> <p>9.2 Post Bid negotiations with selected Participants shall only be carried out where:-</p> <p>(a) post Bid negotiations are permitted by law; and</p> <p>(b) the Director in consultation with the DPC considers that added value may be obtained; and</p> <p>(c) post Bid negotiations are conducted by a team of suitably experienced Officers approved by the Director who have been trained in post Bid negotiations; and</p> <p>(d) a comprehensive, written record of the post Bid negotiations is kept by the Director; and</p> <p>(e) a clear record of the added value to be obtained as a result of the post Bid negotiations is incorporated into the Contract with the successful Participant.</p> <p>9.3 Rules 9.1 and 9.2 shall not operate to prevent clarification of all or part of any Bid to the extent permitted by law and where such clarifications are sought the provisions of Rules 9.2 (c) and 9.2 (d) shall apply, except that the</p>	<p>undertaken in relation to bids.</p>

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
			word "clarification" shall be substituted for the word "negotiation" in these Rules.	
9.1	N/A	If the estimated value of the contract is £100,000 or more electronic tenders shall be invited in accordance with the provision of this Rule.	Delete	To provide clarity and take account of amended thresholds.
9.2	10.1	If the estimated value of the Contract exceeds the relevant EU Threshold the additional requirements for OJEU Procurements, set out in Rule 10.3 , shall be followed.	Tenders for Contracts which exceed the EU Threshold shall be invited and awarded in accordance with the PCRs and as prescribed in Rule 10 and 11 .	To provide clarity in light of changes to thresholds. Re-numbering.
9.3	N/A	Before Directors invite tenders it shall be recorded in writing for all Contracts whether the Contract will be awarded on the basis of price or the Most Economically Advantageous Tender (MEAT), a combination of price and quality.	Delete. Covered by amended wording to the revised Rule 10.2 below.	To provide clarity.
9.4	10.2	If a Contract is to be awarded on the basis of the MEAT, the criteria to be used in the assessment of the quality elements of the tenders and the weighting between price and quality shall be established and recorded in writing before tenders are invited. For all Contracts, the tender assessment criteria, sub-criteria and weightings shall be stated in the ITT.	Before an OJEU Tender is requested the evaluation criteria to be applied to the OJEU Tender must be recorded in writing in the ITT evaluation model. The evaluation criteria must be identified and the weighting between price and quality established and stated in the ITT sent to Participants.	To provide clarity.
N/A	10.3	Not currently included.	Irrespective of the procurement process being undertaken an OJEU notice must be published through the E-Sourcing system.	To provide clarity.

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
9.5	N/A	If a Contract is to be awarded on a price only basis it shall be recorded whether the award will be made on the basis of the lowest price or any other tendered price. Where a tender involves payment to the Council, the provisions of this Rule shall apply except that the word “lowest” shall be replaced by the word “highest”.	Delete	To provide clarity in light of changes within the new Rule 10.
9.6	10.4	All Participants invited to submit tenders shall be provided with identical instructions and information.	All Participants invited to submit OJEU Tenders shall be provided in all instances with identical instructions and information.	To provide clarity.
9.7	10.5	Where considered appropriate, a Director may, in consultation with the DPC, permit Participants to submit variant tenders (i.e. tenders which do not comply with some or all of the requirements of the primary tender). The same opportunity to submit variant tenders shall be given to all Participants. Variant tenders shall only be considered if the Participant also submits a compliant primary tender.	Where considered appropriate, a Director may, in consultation with the DPC, permit Participants to submit variant OJEU Tenders (i.e. tenders which do not comply with some or all of the requirements of the primary tender). The same opportunity to submit variant OJEU Tenders shall be given to all Participants. Variant OJEU Tenders shall only be considered if the Participant also submits a compliant primary tender.	To provide clarity and re-numbering.
9.8	N/A	Evaluation models for PQQ's and ITT's shall be lodged with Internal Audit before any submission documents are opened. The evaluation model shall not be divulged to Participants.	Delete	Evaluation models are held on YORtender and auditable. The new Rule 10.2. Ensure evaluation models are prepared prior to submission of bids.
9.9	N/A	Directors shall invite tenders on the basis of one of the options identified in Rule 10 .	Delete – revised Rule 11 outlines options for OJEU tenders.	To provide clarity. Re-numbering.

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
N/A	10.6	Not currently included.	The evaluation of the OJEU Tender submissions shall be carried out by Officers who are considered appropriate having regard for the subject matter and value of the Contract.	To provide clarity. Re-numbering.
10.1	N/A	<p>10.1 Open Tenders</p> <p>10.1.1 If a Contract (including a Contract for Social or Other Specific Services or a contract for Works) has a value in excess of £100,000 but below £172,514 then the following procedures shall apply:-</p> <p>(i) A notice advertising the opportunity shall be published through the E-Sourcing System and Contracts Finder and, if considered appropriate, a local newspaper and a suitable professional or trade journal or website. The form of advertising shall take into account the value, location and subject matter of the Contract. The notice shall specify brief details of the Contract, how the ITT documents may be obtained and the closing date for receipt of tenders by the Council.</p> <p>(ii) The deadline date for the return of tenders shall be at least 28 days after the publication of the first advertisement of the ITT and, where relevant, at least 14 days after the last ITT advertisement is published.</p> <p>(iii) The criteria which are to be applied in the evaluation of the tenders shall be recorded in writing before ITT's are issued and shall be included in the documents provided to all Participants.</p> <p>(iv) The evaluation of the tenders shall be carried out by Officers, nominated by the Director in consultation with the DPC, who are considered appropriate having regards for the subject matter</p>	Delete	<p>To provide clarity – due to changes in the thresholds all procurements under EU thresholds will be bids, therefore open procedure does not apply.</p> <p>OJEU tender options covered in Rule 11.</p>

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
		<p>and value of the Contract.</p> <p>(v) The evaluation model shall be lodged with Internal Audit before any submission documents are opened, The evaluation model shall not be divulged to Participants.</p>		
10.2		<p>10.2 Restricted Tenders</p> <p>10.2.1 Only in the case of Social or Other Specific Service contracts or Works contracts in excess of £172,514 if a Director, in consultation with the DPC, considers it appropriate that any ITT shall be restricted to selected Participants by issuing a PQQ to all potential Participants followed by an ITT to those Participants selected at the PQQ stage then the following procedures shall apply:</p> <p>(i) A notice advertising the opportunity and inviting expressions of interest shall be published through the E-Sourcing System and, if considered appropriate, a local newspaper and a suitable professional or trade journal or website. The form of advertising shall take into account the value, location and subject matter of the Contract. The notice shall specify brief details of the Contract and invite potential Participants to complete and submit a PQQ to the Council in order to be considered to be invited to tender. The notice shall include details as to how PQQ's are to be submitted and the closing date for their receipt by the Council.</p> <p>(ii) The deadline date for return of PQQ's shall be at least 28 days after the publication of the first advertisement of the opportunity and, where relevant, at least 14 days after the last</p>	Delete	<p>To provide clarity – detailed guidance on completing a Restricted OJEU process will be in the Procurement Manual and the Public Contract Regulations 2015.</p> <p>OJEU tender options covered in Rule 11.</p>

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
		<p>advertisement is published.</p> <p>(iii) The selection criteria which are to be applied in the evaluation of the PQQ's shall be recorded in writing before the PQQ's are invited and shall be included in the documents provided to all Participants.</p> <p>(iv) The evaluation of the PQQ's shall be carried out by Officers, nominated by the Director in consultation with the DPC, who are considered appropriate having regards for the subject matter and value of the Contract.</p> <p>(v) After evaluation of the PQQ's, ITT's shall be published to at least five Participants or, if less than five potential Participants applied or are considered suitable, such Participants as have been selected by the Director.</p> <p>(vi) The deadline date for the receipt of tenders shall be at least 28 days after the date of dispatch of the ITT's.</p> <p>(vii) The criteria which are to be applied in the evaluation of the tenders shall be recorded in writing before ITT's are published and shall be included in the documents provided to all Participants.</p> <p>(viii) The evaluation of tenders shall be carried out by Officers, nominated by the Director in consultation with the DPC, who are considered appropriate having regards for the subject matter and value of the Contract.</p> <p>(ix) The evaluation model shall be lodged with Internal Audit before any submission documents are opened. The evaluation model shall not be divulged to potential Contractors.</p>		

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
10.3	N/A	Tenders for Contracts which exceed the EU Threshold shall be invited and awarded as prescribed in Rule 10.1.1(i) to (v) or Rule 10.2.1(i) to (ix) but taking into account the following amendments:	Delete.	To provide clarity.
10.3.1	N/A	Open Tenders: the deadline date for the return of tenders shall be a minimum of 35 days after the publication of the first advertisement of the ITT. The actual deadline date shall be determined having taken into consideration the complexity of the Contract and the time required for the completion of the tender documents by Participants. The requirement for 35 days may be reduced to 30 days when using the E-Sourcing System. Where a Prior Information Notice (PIN) has been published the minimum time limit may be reduced to 15 days.	Delete.	Detailed process guidance on timescales will be in the Procurement Manual and the Public Contract Regulations 2015
10.3.2	N/A	Restricted Tenders: the deadline date for the return of PQQ's shall be at least 30 days after the publication of the first advertisement of the opportunity. The deadline date for the receipt of tenders shall be at least 30 days after the date of publication of the ITT. The requirement for 30 days may be reduced to 25 days after the publication of the first advertisement of the opportunity for the return of the PQQ and reduced to 25 days for the return of the ITT after the date of its publication when using the E-Sourcing System. Where a PIN has been published the minimum period may be	Delete	Detailed process guidance on timescales will be in the Procurement Manual and the Public Contract Regulations 2015

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
		reduced to 10 days for return of ITT.		
10.4.1	N/A	If a Director considers it appropriate to establish a Framework Agreement then the Framework Agreement shall be established using the procedures set out in either Rule 10.1.1(i) to (v) or 10.2.1(iv) to (ix) .	Delete	To provide clarity. The route to market is approved via the Gateway Process.
10.4.2	N/A	Where the value of the proposed Framework Agreement exceeds the EU Threshold, the procedure prescribed by the PCR's shall apply to all aspects of the procurement and to the subsequent operation of the Framework Agreement including, but not limited to:- (i) the procurement methodology; (ii) the placement of orders under the Framework Agreement; (iii) further competition between Contractors appointed to the Framework Agreement.	Delete	Options for OJEU tenders are outlined in Rule 11. Procedural application is covered in the Procurement Manual.
10.4.3	N/A	The duration of a Framework Agreement shall be limited, as prescribed by the PCR's, to a maximum of four years including any extension periods.	Delete	Options for OJEU tenders are outlined in Rule 11. Procedural application is covered in the Procurement Manual.
10.5.1	N/A	If a Director considers it appropriate to maintain a list of suitable Contractors for particular types of Work and/or Supplies and/or Services and/or Social and Other Specific Services, where the estimated value of the Work and/or Supplies and/or Services and/or Social and Other Specific Services is below the relevant EU Threshold, the list of suitable Contractors shall be established using the	Delete	Options for OJEU tenders are outlined in Rule 11. Procedural application is covered in the Procurement Manual.

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
		<p>procedures set out below:-</p> <p>(i) A notice inviting expressions of interest shall be published through the E-Sourcing System and, if considered appropriate, a local newspaper and a suitable professional or trade journal or website. The form of advertising shall take into account the value, location and subject matter of the Contract. The notice shall specify brief details of the Contract and invite potential Participants to apply to the Council to be considered for inclusion on the approved list by the Council. The notice shall include details as to how expressions of interest are to be submitted and the closing date for their receipt by the Council.</p> <p>(ii) The deadline date for the return of expressions of interest shall be at least 28 days after the publication of the first advertisement of the expressions of interest and, where relevant, at least 14 days after the last advertisement is published.</p> <p>(iii) The selection criteria which are to be applied in the evaluation of the expressions of interest shall be recorded in writing before expressions of interest are invited and shall be included in the documents provided to all Participants.</p> <p>(iv) The evaluation of expressions of interest shall be carried out by Officers, nominated by the Director in consultation with the DPC, who are considered appropriate having regards for the subject matter and value of the Contract. The Director shall then maintain a list of such approved Contractors categorised by Works/Supplies/Services/Social and Other Specific</p>		

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
		<p>Services type and value as may be applicable.</p> <p>(v) The Director shall review the performance of all Contractors on the approved list at regular intervals, not exceeding 12 months from the date of appointment of the Contractor to the approved list.</p> <p>(vi) The Director may remove Contractors from an approved list where the Director and CD-SR agree that such removal is appropriate, having regards for the conduct, performance and/or status of the Contractor in relation to those standards identified in the original expressions of interest.</p> <p>(vii) The Director may, after consultation with the CD-SR approve an application from a potential Contractor to be added to an existing approved list.</p> <p>(viii) ITT's or Invitations to Quote shall be invited in accordance with Rule 10 or Rule 8.</p> <p>(ix) The Director shall maintain records of the tenders or quotations invited from an approved list such that the names of the Contractors invited to tender, the selection process and Contracts awarded to each Contractor are available for inspection.</p> <p>(x) Approved Lists may remain in force for a maximum of five years. Before the expiration of the Approved List a replacement shall be established, if appropriate, in accordance with Rule 10.5.</p>		
10.6	N/A	<p>Dynamic Purchasing Systems, Competitive Dialogue Procedure, Competitive Procedure with Negotiation and Innovation Partnership Procedure</p> <p>Where a Director, in consultation with the CD-SR, agrees that it is appropriate, a Dynamic Purchasing</p>	Delete	<p>Options for OJEU tenders are outlined in Rule 11.</p> <p>Procedural application is covered in the Procurement Manual.</p>

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
		System, the Competitive Dialogue Procedure, the Competitive Procedure with Negotiation or the Innovation Partnership Procedure may be used for the invitation of tenders in accordance with the requirements of the PCR's.		
N/A	11	Not currently included.	<p>The Gateway Process shall identify which of the following OJEU Tender processes shall be used to invite tenders for Contracts with a value in excess of the relevant EU Threshold:</p> <ul style="list-style-type: none"> (i) the Open Procedure (as prescribed by Regulation 27) (ii) the Restricted Procedure (as prescribed by Regulation 28) (iii) the Competitive Procedure with Negotiation (as prescribed by Regulation 29) (iv) the Competitive Dialogue Procedure (as prescribed by Regulation 30) (v) the Innovation Partnership Procedure (as prescribed by Regulation 31) (vi) Negotiated Procedure without prior publication (as prescribed by Regulation 32) (vii) Framework Agreement (as prescribed by Regulation 33) (viii) Dynamic Purchasing System (as prescribed by Regulation 34) (ix) Electronic auctions (as prescribed by Regulation 35) (x) Electronic catalogues (as prescribed by Regulation 36) (xi) Light Touch Regime (as prescribed by Regulations 74-76) 	<p>To provide clarity. Procedural application is covered in the Procurement Manual.</p>

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
			and such identified process shall be used for the invitation of OJEU Tenders in accordance with the requirements of the PCR's.	
11.1	12.1	A written tender may only be considered if:- (a) it has been received electronically through the E-Sourcing System, or (b) (where permitted) it has been received in hard copy in a sealed envelope marked "Tender" and indicating the subject matter of the tender, and the identity of the Participant cannot be ascertained from the tender envelope, (c) and subject to Rule 11.4 , it has been returned electronically through the E-Sourcing System or to the ACE(LDS) (or a person designated by him) in accordance with the instructions contained in the ITT before the tender closing date.	A written OJEU Tender may only be considered if:- (a) it has been received electronically through the E-Sourcing System; or (b) (where permitted under Regulation 84 (h)) it has been received in hard copy in a sealed envelope marked "OJEU Tender" and indicating the subject matter of the OJEU Tender, and the identity of the Participant cannot be ascertained from the tender envelope; and (c) (subject to Rule 12.4) it has been received by the OJEU Tender closing date and time	New Rule 12 amended to provide clarity on receipt of tenders in light of an electronic auditable system and the PCRs 2015.
11.2	12.2	The ACE(LDS) (or a person designated by him) shall be responsible for the reception and safe custody of tenders until they are opened.	No change to wording.	Re-numbering only.

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
11.3	12.3	Tenders, whether electronic or hard copy must be opened at the same time and in the presence of the ACE(LDS) (or a person designated by him) or, where Legal and Democratic Services is undertaking the procurement, the CD-SR (or an Officer designated by him). Whoever opens the tenders shall maintain a record of the tenders received. Such a record shall include the date and time of tender opening, the identity of the Officer(s) present, the identities of Participants and the tendered sums (where readily ascertainable). A copy of such a record shall be provided as soon as practicable to the Director inviting the tenders and to Internal Audit.	OJEU Tenders, whether electronic or hard copy must be opened at the same time and in the presence of the ACE(LDS) (or a person designated by him) or, where Legal and Democratic Services is undertaking the procurement, the CD-SR (or an Officer designated by him). The E-Sourcing System records the date and time of the OJEU Tender opening, the identity of the Officer(s) present, the identities of the Participants and the tendered sums. Where permitted under Regulation 84 (h) and OJEU Tenders are returned in hard copy format a written record shall be maintained of the OJEU Tenders received. Such a record shall include the date and time of OJEU Tender opening, the identity of the Officer(s) present, the identities of Participants and the tendered sums (where readily ascertainable). A copy of such a record shall be provided as soon as practicable to the Director inviting the OJEU Tenders for audit purposes.	To provide clarity. The electronic auditable system will be used. Where electronic copies are not possible (in exceptional circumstance) clarity on Officers authorised to open tenders. Re-numbering.

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
11.4	12.4	If a Tender is received after the specified tender closing date it may not be considered unless the ACE(LDS) is satisfied that the Tender was submitted electronically or posted or otherwise dispatched in sufficient time to be delivered before the specified time but that delivery was prevented by an event beyond the control of the Participant and that other tenders have not been opened.	If an OJEU Tender is received after the specified closing date and time it may not be considered unless the ACE(LDS) is satisfied that the OJEU Tender was submitted electronically or posted or otherwise dispatched in sufficient time to be delivered before the specified time but that delivery was prevented by an event beyond the control of the Participant.	To provide clarity. Re-numbering.
12.1	13.1	The Director shall evaluate tenders using the evaluation model lodged with Internal Audit in accordance with Rules 9.8, 10.1.1(v) and 10.2.1(ix) .	The Director shall evaluate OJEU Tenders using the evaluation model published in accordance with Rule 10.2 .	To provide clarity. Re-numbering.

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
12.2	13.2	If a tender other than the MEAT or the lowest price is to be accepted the written approval of the Director, after consultation with the CD-SR, shall be obtained and a signed and dated record kept of the reasons for the action taken shall be made however, no such approval can be given where the Contract is subject to PCR's other than in exceptional circumstances agreed by the ACE(LDS).	Only in exceptional circumstances agreed by the ACE(LDS) can an OJEU Tender other than the MEAT be accepted. In these circumstances a signed and dated record of the reasons for the action taken shall be made within the Gateway Process (Stage 3).	To provide clarity. Due to changes in the thresholds all tenders are subject to the PCRs. Re-numbering.
12.3	N/A	Each Director shall maintain an electronic or written record of all successful Participants in a form approved by the CD-SR in accordance with the Council's Document Retention Policy.	Delete	This is business as usual and recorded in the evaluation model and Gateway (Stage 3).
12.4	13.3	If, as a result of the tender evaluation process the Director is satisfied that an arithmetical error has been made inadvertently by a Participant such an error may, after consultation with the Participant, be corrected. The Director shall record any such correction in writing.	If, as a result of the OJEU Tender evaluation process the Director is satisfied that an arithmetical error has been made inadvertently by a Participant such an error may, after clarification with the Participant, be corrected. The Director shall record any such clarification in writing.	To provide clarity. All tenders are subject to the PCRs and as such any discrepancy should be dealt with via clarification. Re-numbering.

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
12.5	13.4	Before a Contract is awarded the Director shall, in consultation with the CD-SR, complete a risk assessment to ascertain the financial stability of the successful Participant. The risk assessment shall take into account the subject matter, complexity, duration, value and any other such factors as may be deemed to be relevant. This shall be undertaken in accordance with the Gateway Process (Gateway 3).	Before a Contract is awarded the Director shall, in consultation with the CD-SR, complete a risk assessment to ascertain the financial stability of the successful Participant. The risk assessment shall take into account the subject matter, complexity, duration, value and any other such factors as may be deemed to be relevant. This shall be undertaken in accordance with the Gateway Process (Stage 3).	To provide clarity. Re-numbering.
12.6	13.5	On completion of the evaluation of the tenders received and once all internal approvals have been obtained, the Director shall write to all Participants informing them of the outcome of the tender evaluation and providing feedback on the content of their tender. Where appropriate such feedback shall be given in accordance with the PCR's.	On completion of the evaluation of the OJEU Tenders received and once all internal approvals have been obtained through the Gateway Process (Stage 3), the Director shall write to all Participants informing them of the outcome of the OJEU Tender evaluation and providing feedback on the content of their submission, in accordance with Regulation 55 of the PCRs.	To provide clarity. Due to changes in the thresholds all tenders are subject to the PCRs. Re-numbering.
12.7	13.6	For OJEU tenders the Director shall wait a minimum of ten days from the date of issue of the letters notifying the Participants of the result of the evaluation before completing the Contract with the successful Participant.	The Director shall wait a minimum of ten days (15 days if not sent electronically) from the date of issue of the letters notifying the Participants of the result of the evaluation before completing the Contract with the successful Participant.	To provide clarity. Due to changes in the thresholds all tenders are subject to the PCRs. Re-numbering.

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
12.8	13.7	For OJEU tenders the Director shall send for publication a Contract Award Notice stating the outcome of the procurement procedure no more than 30 days after the award of the contract.	The Director shall send for publication a Contract Award Notice stating the outcome of the procurement procedure no more than 30 days after the award of the Contract.	To provide clarity. Due to changes in the thresholds all tenders are subject to the PCRs.
12.9	N/A	Where the tender involves payment to the Council Rule 12.2 shall apply except that the word “highest” shall be substituted for “lowest” in that Rule.	Delete	Amendments to new Rule 13.2 mean Rule 12.9 (under the current CPRs) is no longer applicable.
14.0	N/A	14.1 Where purchasing cards are issued by the Council the following provisions shall apply:- (a) their use shall be subject to the procedures laid down by the CD-SR (b) cards shall only be issued to, and used by, Officers nominated by a Director (in consultation with the CD-SR) (c) for the purpose of Rule 5.1	Delete	This is part of the Finance Procedure Rules.

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
15.0	14.1	The Local Government (Contracts) Act 1997 clarified the power of local authorities to enter into certain contracts, including Private Finance Initiative Contracts. Where Contracts need to be certified under the 1997 Act, only the following Officers are authorised to do so: the Corporate Director Children and Young People's Service, the Corporate Director Business and Environmental Services, the Corporate Director Health and Adult Services and the CD-SR.	No changes to wording.	Re-numbering only.
16.1	15.1	A Director does not need to invite quotations or tenders in accordance with Rules 8, 9 and 10 in the following circumstances:-	A Director does not need to invite bids in accordance with Rule 8 , in the following circumstances:-	Re-numbering and to provide clarity that the exceptions can only apply to the bid process.
N/A	15.1(C)	Not currently included	where a grant or other external funding is received by the Council, either in its own right or as an accountable body, and the terms of such grant or other external funding state that such grant or other external funding must be applied in accordance with the terms of such grant or other external funding; or	To provide clarity and include guidance on grants.
16.1 (c)	15.1 (f)	the purchase of Supplies, Works, Services or Social and Other Specific Services which are of such a specialised nature as to be obtainable from one Contractor only, except where the value of the Contract exceeds the relevant EU Threshold;	repairs to or the supply of parts for existing proprietary machinery or plant where to obtain such supplies from an alternative supplier would invalidate the warranty or contractual provisions with the existing supplier;	To provide clarity on situations in which this exception applies.

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
16.1 f	15.1 (g)	<p>Social or Other Specific Services Contracts with a value below the EU Threshold where:-</p> <p>(i) the service is currently supplied by a Contractor to the satisfaction of the relevant Corporate Director, is considered to be offering value for money and where the foreseeable disruption to service users cannot justify the invitation of further quotations or tenders, or</p> <p>(ii) the service is of a specialist or personal nature and where service users must be involved in the selection of the Contractor and where the Corporate Director Health and Adult Services and the Corporate Director Children and Young People's Service considers it inappropriate for quotations or tenders to be invited, or</p> <p>(iii) where the relevant Corporate Director is satisfied that the urgency of the need for the service prevents the invitation of quotations or tenders in which case consideration shall be given to the duration of that service.</p>	<p>Social or Other Specific Services Contracts where:-</p> <p>(i) the service is currently supplied by a Contractor to the satisfaction of the relevant Corporate Director, is considered to be offering value for money and where the foreseeable disruption to service users cannot justify the invitation of further bids, or</p> <p>(ii) the service is of a specialist or personal nature and where service users must be involved in the selection of the Contractor and where the Corporate Director Health and Adult Services and the Corporate Director Children and Young People's Service considers it inappropriate for bids to be invited, or</p> <p>(iii) where the relevant Corporate Director is satisfied that the urgency of the need for the service prevents the invitation of bids in which case consideration shall be given to the duration of that service;</p>	<p>Re-numbering and to provide clarity that the exception can only apply to the bid process.</p>
16.1 g	N/A	<p>Contracts which are classifiable as 'Social and Other Specific Services Contracts' under the PCR's, with a value in excess of the EU Threshold for Social and Other Specific Contracts, in which case the appropriate process in accordance with the provisions of Regulations 75 and 76 of the PCRs shall be followed.</p>	Delete	<p>No longer applicable due to changes in the bid / OJEU tender process and associated Rules.</p>

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
16.1 (h)	15.1 (h)	Contracts where the Director with the agreement of the ACE(LDS) and the CD-SR agree that for reasons of extreme urgency brought about by unforeseeable events unattributable to the Council, the timescales for obtaining quotations or tenders cannot be met. A written record shall be signed and dated by the Director, whenever this rule applies.	Contracts where the Director with the agreement of the CD-SR agree that for reasons of extreme urgency brought about by unforeseeable events unattributable to the Council, the timescales for obtaining bids cannot be met. A written record shall be signed and dated by the Director, whenever this Rule applies.	Re-numbering and to amend quotation to bid.
16.2	15.2	Where any of the exceptions set out in (a) to (h) above are applied a written record of the decision and justification shall be signed and kept as part of the Gateway Process.	Where any of the exceptions set out in (d) to (h) above are applied a Directors Recommendation, in consultation with the relevant DPC, shall be signed, dated and kept. The Director shall maintain a register of all recommendations made under this Rule.	To provide clarity.
N/A	15.3	Not currently included.	<p>A Director does not need to invite OJEU tenders in accordance with Rule 10 and 11, in the following circumstances:-</p> <p>(a) purchases via Framework Agreements which have been established either by the Council or by other public sector bodies or consortia (including, but not limited to YPO) and where such Framework Agreements are lawfully accessible to the Council. Contracts awarded from such Framework Agreements shall be awarded in accordance with the provisions of that Framework Agreement. Where appropriate Officers should apply a minimum 10 day standstill period for all call-off Contracts awarded under an existing Framework Agreement. This is not mandatory but is deemed best practice; or</p> <p>(b) where:</p>	To provide clarity.

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
			(i) Regulations 12 or 72 of the PCRs apply; or (ii) any other specific exclusions as set out in the PCRs apply; and the ACE(LDS), the relevant Director and CD-SR are in agreement. A written record shall be signed and dated whenever this Rule applies and the Director shall maintain a register of such written records.	
16.3.1	15.4	Specific exceptions to Rules 8, 9 and 10 are permitted in such other circumstances as the CD-SR and the ACE(LDS) may agree.	Specific exceptions to Rule 8 are permitted in such other circumstances as the CD-SR and the ACE(LDS) may agree.	To provide clarity in light of the changes to the thresholds.
16.3.2	15.5	Requests for waivers shall be made using a form prescribed by the ACE(LDS) and the CD-SR which shall specify the reasons for the request and include a completed risk assessment of the proposal.	Requests for waivers shall be made using the Waiver Request Form prescribed by the ACE(LDS) and the CD-SR which shall specify the reasons for the request.	To provide clarity.
16.3.3	15.6	The ACE(LDS) shall maintain a register of all requests made under this Rule and the responses given to them.	No change to wording.	Re-numbering only.

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
N/A	15.7	Not currently included.	Specific exemptions to Rule 10 and 11 may be permitted in exceptional circumstances as the ACE(LDS) and CD-SR may agree in accordance with the PCRs. The ACE(LDS) shall maintain a register of all requests made under this Rule and the responses given to them.	To provide clarity.
17.1	16.1	Every officer shall comply with these Rules and any unauthorised failure to do so may lead to disciplinary action.	Re-numbering only.	To provide clarity.
17.2	16.4	Each Director, CPG and/or the DPC's shall take all such steps as are reasonably necessary to ensure that Officers within their Directorate are aware of and comply with these Rules, the <i>Procurement Manual</i> and the <i>Finance Manual</i> referred to in Rule 2.5 .	Re-numbering only.	To provide clarity.
17.3	16.3	The CD-SR shall be responsible for monitoring adherence to these Rules.	Re-numbering only.	To provide clarity.
17.4	16.2	Each Director shall nominate a representative to act as a key contact point in relation to procurement matters for the Directorate; such representatives shall be termed " Directorate Procurement Champions " in this Rule.	Re-numbering only.	To provide clarity.

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
17.5	16.5	DPC's are responsible for the production of a FPP which will be completed in such format as CPG shall require.	Re-numbering only.	
17.6	16.6	The DPC's shall each present an updated FPP to their respective directorate management teams quarterly for approval throughout the year.	Re-numbering only.	
17.7	16.7	An annual report on procurement matters, such report to include an annual procurement plan and actions arising from the annual procurement plan, will be presented to a meeting of the Corporate and Partnership Overview and Scrutiny Committee.	Re-numbering only.	
17.8	16.8	The Council maintains a Contract Register the purpose of which is to: (a) record key details of all contracts with an aggregate value of £25,000 or more; and (b) identify a contract reference number.	The Council maintains a Contract Register the purpose of which is to record key details of all Contracts with an aggregate value of £25,000 or more.	Re-numbering and to provide clarity.
17.9	16.9	DPC's shall ensure that:- (a) all relevant contracts (including those Contracts to which Rule 16 applies) are entered onto the Contract Register and the appropriate Contract number recorded (b) the Contract Register is maintained by entering new Contracts onto it and removing expired contracts from it in line with the Council's Records	DPCs shall ensure that:- (a) all relevant Contracts (including those Contracts to which Rule 15 applies) are entered onto the Contract Register (b) the Contract Register is maintained by entering new Contracts onto it and removing expired Contracts from it in line with the Council's	Re-numbering and to provide clarity.

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
		Retention and Destruction Schedule.	Records Retention and Destruction Schedule.	
17.10	16.10	When a Contract in excess of £25,000 is awarded the Director shall ensure that such information as is prescribed in the PCRs is published on Contracts Finder.	When a Contract in excess of £25,000 is awarded the Director shall ensure that such information as is prescribed in the PCRs is published on Contracts Finder via the E-Sourcing system.	Re-numbering and to provide clarity.
18.1	17.1	When a procurement is being considered which is expected to exceed the financial value thresholds specified in Rule 18.2 then the Responsible Officer must complete the necessary Gateway Process report for consideration by the relevant Directorate Management Team or the relevant Director, the Assistant Director with responsibility for finance within that Directorate, and the DPC. No procurement should commence before the Gateway Process report is approved. The report shall include the estimated “whole life” financial value of the contract, the procurement methodology and any other relevant factors including, but without limitations, any TUPE implications. The Assistant Director with responsibility for finance will enter details on a register of procurements approved under this Rule which will be available to the CD-SR and the ACE(LDS).	When a procurement is being considered which is expected to exceed the financial value thresholds specified in Rule 17.2 then the Responsible Officer must complete the Gateway Process report for consideration by the relevant Directorate Management Team and the ACE(LDS) or the relevant Director, the Assistant Director with responsibility for finance within that Directorate, the ACE(LDS) and the DPC. No procurement should commence before the Gateway Process report is approved. The report shall include the estimated “whole life” financial value of the Contract, the procurement methodology and any other relevant factors including, but without limitations, any TUPE implications. The Assistant Director with responsibility for finance will enter details on a register of procurements approved under this Rule which will be available to the CD-SR and the ACE(LDS).	To provide clarity.

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
18.2	17.2	The whole contract financial value thresholds for the purposes of Rule 18.1 are: (a) Works contracts - £100,000 (b) Social and Other Specific Services Contracts and Supplies and Services contracts £100,000.	The whole Contract financial value thresholds for the purposes of Rule 17.1 are: (a) Works Contracts - £1m (b) Social and Other Specific Services Contracts - £625,050. (c) Supplies and Services Contracts - £172,514	To align the Gateway values to the OJEU thresholds (with the exception of Works which is £1m). To provide clarity.
18.3	N/A	When a procurement is being considered which is expected to exceed the financial value thresholds specified in Rule 18.4 then the Responsible Officer must ensure the necessary Gateway Process report prepared in accordance with Rule 18.1 is also considered by the ACE(LDS) or by a LDSO authorised by him. No procurement should commence before the Gateway Process report is approved.	Delete	Changes in new Rule 17.1 and 17.2 mean this is no longer required.
18.4	N/A	The whole Contract financial value thresholds for the purpose of Rule 18.3 are: (a) Works Contracts - £1m (b) Supplies and Service Contracts and Social and Other Specific Services Contracts - £172,514	Delete.	Changes in new Rule 17.1 and 17.2 mean this is no longer required.
18.5	17.3	No action leading towards procurement, including any steps to undertake a further competition under an existing framework arrangement, shall be undertaken until confirmation of the process has been given under the terms set out in Rule 18.1 and 18.3 .	No action leading towards procurement, including any steps to undertake a further competition under an existing framework arrangement, shall be undertaken until confirmation of the process has been given under the terms set out in Rule 17.1 .	Re-numbering and to provide clarity.

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
19.1	18.1	The Responsible Officer shall take all such steps as are appropriate to monitor and review the performance of the Contract, having regard to its value, nature, duration and subject matter. As part of the monitoring and review process the Responsible Officer shall maintain adequate records of Contract performance and details of review meetings with the Contractor. Such records and details shall be made available to Internal Audit whenever required and shall be recorded in any relevant Gateway Process report (Gateway 4). Such records shall also be used on the basis for any permitted extension to the Contract.	The Responsible Officer shall take all such steps as are appropriate to monitor and review the performance of the Contract, having regard to its value, nature, duration and subject matter. As part of the monitoring and review process the Responsible Officer shall maintain adequate records of Contract performance and details of review meetings with the Contractor. Such records and details shall be made available to Internal Audit whenever required and shall be recorded in any relevant Gateway Process report (Stage 4). Such records shall also be used on the basis for any permitted extension to the Contract.	Re-numbering and to provide clarity.
19.2	N/A	Contracts may be varied in accordance with the terms of that Contract. Any proposed variations which have the effect of materially changing the Contract must be approved by the ACE(LDS), whether or not they are effected by amending the Contract itself or by correspondence.	Delete	Inclusion of new Rule 18.2 and 18.3 mean this is no longer required.
N/A	18.2	Not currently included.	OJEU Contracts may be varied in accordance with the terms of that Contract or as outlined in Regulation 72 of the PCRs. Any proposed variations which have the effect of materially changing the Contract must be approved by the ACE(LDS), whether or not they are effected by amending the Contract itself or by correspondence.	Re-numbering and to provide clarity.
N/A	18.3	Not currently included.	Contracts with a value in excess of the relevant EU Threshold may be varied in accordance with the terms of that Contract or as outlined in Regulation 72 of the PCRs. Any proposed variations which have the effect of materially changing the Contract	Re-numbering and to provide clarity.

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
			must be approved by the ACE(LDS), whether or not they are effected by amending the Contract itself or by correspondence.	
N/A	18.4	Not currently included	If an Officer requires a Contract which exceeds the financial values stated in Rule 17.2 to be terminated then this must be done in accordance with the terms of the Contract. Approval must be sought in accordance Rule 17.1 (Gateway Process Stage 4b).	Re-numbering and to provide clarity.
20.1	19.1	Any officer involved in procurement activities shall have received a level of formal training commensurate with the nature of the procurement activity being undertaken.	Where appropriate any Officer involved in procurement activities shall have received a level of formal training commensurate with the nature of the procurement activity being undertaken.	Re-numbering and to provide clarity.
21.1	20.1	If it comes to the knowledge of a Member, Responsible Officer or other Officer that a Contract in which he has an interest (determined in accordance with the Members' and/or Officers' Code of Conduct as appropriate) has been or is proposed to be entered into by the Council, he shall immediately give written notice to the ACE(LDS).	If it comes to the knowledge of a Member, Responsible Officer or other Officer that a Contract in which he has an interest (determined in accordance with the Members' and/or Officers' Code of Conduct as appropriate) has been or is proposed to be entered into by the Council, he shall immediately give written notice to the ACE(LDS).	Re-numbering and to provide clarity.
N/A	21.1	Not currently included	A Director shall consider when procuring the provision of the Services, Supplies Works or Social & Other Specific Services, whether a Grant would be a preferable means to achieving its objectives rather than following a competitive Bid process.	To provide clarity and include guidance on grants.

Old Rule No.	New Rule No.	Current Wording	Proposed Amendment	Reason
N/A	21.2	Not currently included	Where the value of a Grant exceeds £25,000, the Director shall have the discretion to conduct a competitive application process for the award of that Grant if doing so demonstrates best value for the Council. If a Director is not conducting a competitive application process then the Best Value Form must be completed to capture the rationale for the decision.	To provide clarity and include guidance on grants.
N/A	21.3	Not currently included	Where the value of a Grant exceeds the relevant EU Threshold, the Director shall complete the Gateway Process in accordance with Rule 17.	To provide clarity and include guidance on grants.

Contract Procedure Rules

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*These Rules constitute the Council's Standing Orders in relation to contracts under Section 135 of the Local Government Act 1972 and apply to all contracts (excluding those stated in **Rule 2.2**), including those made in the course of the discharge of functions which are the responsibility of the Executive.*

1. INTRODUCTION

1.1 These terms will have the following meanings in the Contract Procedure Rules:-

ACE(LDS)	means Assistant Chief Executive (Legal and Democratic Services)
Best Value Form	means the form to be completed to capture the rationale for not seeking bids in accordance with Rule 8.1
CD-SR	means the Corporate Director - Strategic Resources
Constitution	means the Council's Constitution of which these Rules form part.
Contract	means any agreement made between the Council and any other person which is intended to be legally enforceable and involves the acceptance of an offer made by one party to commit itself to an action or series of actions and subject to the exceptions in Rule 2.2
Contracts Finder	means the web-based portal as described in the PCRs
Contract Register	means the register of Contracts maintained by the Council as set out in Rule 16.8
Contractor	means a person or entity with whom the Council has a Contract
Council	means North Yorkshire County Council
CPG	means the Corporate Procurement Group
Director	means the Chief Executive Officer; Corporate Director Business and Environmental Services; Corporate Director Health and Adult Services; Corporate Director Children and Young People's Service; Corporate Director - Strategic Resources as the context requires
Directors Recommendation	means a written record of the decision and justification to apply one of the exceptions set out in Rule 15.1 to be signed and kept by the relevant Director
DPC	means a Directorate Procurement Champion
E-Sourcing system	means the Council's chosen E-sourcing system (currently YORtender) or an approved alternative
EU	means the European Union

EU Threshold	means the current threshold above which the PCR's apply, currently £172,514 for services and supplies £625,050 for social and other specific services and £4,322,012 for works
FPP	means the Forward Procurement Plan which outlines all future procurement requirements of the Council
Framework Agreement	means an agreement with one or more contracting authorities and one or more economic operator which establishes an arrangement for: <ul style="list-style-type: none"> (i) multiple orders to be placed with one Contractor (a single supplier framework), or (ii) a framework of multiple Contractors to engage in further competitions (a multiple supplier framework)
Gateway Process	means the Council's value based gateway procurement process that combines assessment and understanding of various aspects of value with appropriate review and scrutiny at defined points in the procurement cycle
Internal Audit	means the Council's appointed internal auditors (currently Veritau)
ITB	means an Invitation to Bid
ITT	means an Invitation to Tender
Key Decision	means a decision made in connection with the discharge of a function which is the responsibility of the Executive as set out in Article 13.03(b) of the Constitution [insert hyperlink]
Leasing Agreement	means a Contract for the provision of finance to enable goods or services to be obtained and where ownership in those goods does not automatically pass to the Council at the end of the Contract period
LDSO	means a Legal and Democratic Services Officer
MEAT	means the Most Economically Advantageous Tender
Member	means a member of the Council or co-opted member on a Council committee
Officer	means a Council employee or other authorised agent
OJEU	means the Official Journal of the European Union
OJEU Tender	means the procurement process to be followed where the estimated whole life value of a Contract exceeds the relevant EU Threshold

Participant	means a person or entity participating in a procurement process, who has expressed an interest in tendering for a Contract or who has tendered for a Contract
PCR	means the Public Contracts Regulations 2015
Person	means any individual, partnership, company, trust, other local authority, Government department or agency
PQQ	means the Pre-Qualification Questionnaire
Procurement Manual	means the manual to accompany these Rules which provides detailed guidance on procurement techniques and the effect of the Rules
Procurement Strategy	means the Council's Procurement Strategy as agreed from time to time.
Property Contract	means a Contract which creates an estate or interest in land or buildings
Responsible Officer	means the Officer who is responsible for the procurement and/or management of a Contract
Rules	means these Contract Procedure Rules
Services or Supplies	means as defined in Regulation 2 of the PCRs
Social and Other Specific Services	means those services defined as such in Schedule 3 of the PCRs
Waiver Request Form	means the prescribed form to be completed when requesting a waiver in accordance with Rule 15.4
Works	means as defined in Regulation 2 of the PCRs
YPO	means the Yorkshire Purchasing Organisation

1.2 References in these Rules to:-

- (a) any legislation (e.g. Act, Statutory Instrument, EU Directive) include a reference to any amendment or re-enactment of such legislation;
- (b) the value of any Contract are to the total estimated aggregate gross value payable over the full period of the Contract including any options or extensions to the Contract without any deduction for income due to the Contractor or the Council;
- (c) the singular include the plural and vice versa;
- (d) the masculine include the feminine and vice versa;
- (e) Directors, the CD-SR and the ACE(LDS) shall be taken to include such Officers as are designated by those officers to undertake the duties and responsibilities set out in these Rules, except in the case of the following Rules:-

- (i) Director - **Rules 8.6, 15.1(d), (g) and (h), 15.3(b) and 17.1**
- (ii) CD-SR - **Rules 2.1, 2.4, 2.5, 8.6, 15.1(h), 15.3(b), 15.4, 15.5, 15.7, 16.2 and 17.1**
- (iii) ACE(LDS) - **Rules 2.1, 2.4, 2.5, 8.6, 15.3(b), 15.4, 15.5, 15.7, and 17.1**

where delegation is not permitted. A record of all duties and responsibilities as delegated under these Rules is to be maintained by each Director, the CD-SR and the ACE(LDS).

2 GENERAL

- 2.1 These Rules are made by the Council on the advice of the CD-SR (in consultation with the ACE(LDS)) under Article 14.02 of the Constitution.
- 2.2 These Rules apply to all Contracts for Works, Supplies, Services or Social and Other Specific Services but do not apply to:-
 - (a) contracts of employment;
 - (b) property contracts (which are covered by the Property Procedure Rules); and
 - (c) financial instruments (including, but without limitation, shares, bonds, bills of exchange, future or options contracts) (which are covered by the Financial Procedure Rules).
- 2.3 The Council has made Financial Procedure Rules under Article 14.01 of the Constitution which shall be applied in conjunction with these Rules.
- 2.4 The CD-SR (in consultation with the ACE(LDS)) shall review the application and effect of these Rules and make an annual report or as required but no less than once per year to the Audit Committee recommending such amendments to the Rules as are considered appropriate.
- 2.5 The CD-SR and the ACE(LDS) have produced a Procurement Manual which sets out important issues to be considered in the procurement context. These Rules should be read in conjunction with the Procurement Manual.
- 2.6 The CD-SR has also produced a Finance Manual which gives advice on financial procedures.
- 2.7 Where a Contract for the acquisition or hire of goods or services involves any form of Leasing Agreement to finance the transaction then the CD-SR shall undertake the negotiation of terms and authorise the arrangement in accordance with Rule 9.3 of the Financial Procedure Rules.
- 2.8 Directors shall ensure that all documentation relating to Contracts and procurement processes (including bids) is retained in accordance with the Council's Records Retention and Destruction Schedule
- 2.9 Where the Council has awarded a Contract to any person to supervise or otherwise manage a Contract on its behalf such a person shall be required to comply with these Rules as if he were an Officer of the Council.
- 2.10 Wherever appropriate procurement shall be undertaken using the standard precedent documents contained in the Procurement Manual applying to PQQ's, ITT's or ITBs.

Wherever alternative documents are to be used they must be approved by the Director and where appropriate the ACE(LDS).

- 2.11 Where the total Contract value for procurement is within the values in the first column of Tables 1-3, below, the award procedure in the second column must be followed.

Table 1: Goods and Services (excluding Social & Other Specific Services)

Total Contract Value	Award Procedure	Signature/Sealing Contract
Up to £25,000	Bids not mandatory. Best Value Form to be completed where Bids are not invited.	One signature The Director within the relevant Directorate (or by an Officer authorised by the Director to sign on the Directors behalf).
£25,000 up to EU Threshold (currently £172,514)	Bids must be invited in accordance with Rule 8 . These must be advertised using the E-Sourcing system and published to Contracts Finder.	One signature The Director within the relevant Directorate (or by an Officer authorised by the Director to sign on the Directors behalf).
Above EU Threshold (currently £172,514)	Follow the appropriate EU Procedure as set out in Rules 10 and 11 . The Director must be informed of the procurement and approval sought through the Gateway process.	Two signatures: The Director (or by an Officer authorised by the Director to sign on the Directors behalf). AND The ACE(LDS) (or by an Officer authorised by the ACE (LDS) to sign on his behalf). Sealing (where appropriate) ACE(LDS) (or by an Officer authorised by the ACE (LDS) to sign on his behalf) in accordance with Rule 6 .

Table 2: Works

Total Contract Value	Award Procedure	Signature/Sealing Contract
Up to £25,000	Bids not mandatory. Best Value Form to be completed where Bids are not invited.	One signature The Director within the relevant Directorate (or by an Officer authorised by the Director to sign on the Directors behalf).
£25,001 up to EU Threshold (currently £4,322,012 for Works)	Bids must be invited in accordance with Rule 8 . These must be advertised using the E-Sourcing system and published to Contracts Finder.	One signature The Director within the relevant Directorate (or by an Officer authorised by the Director to sign on the Directors behalf). Contracts with a value in excess of £1m must be sealed by ACE(LDS) (or by an Officer authorised by the ACE (LDS) to sign on his behalf) in accordance with Rule 6 .

Total Contract Value	Award Procedure	Signature/Sealing Contract
Above EU Threshold (currently £4,322,012 for Works)	Follow the appropriate EU Procedure as set out in Rules 10 and 11 . The Director must be informed of the procurement and approval sought through the Gateway process	Contracts must be sealed by ACE(LDS) (or by an Officer authorised by the ACE (LDS) to sign on his behalf) in accordance with Rule 6 .

Table 3: Social & Other Specific Services

Total Contract Value	Award Procedure	Signature/Sealing Contract
Up to £25,000	Bids not mandatory. Best Value Form to be completed where Bids are not invited.	One signature The Director within the relevant Directorate (or by an Officer authorised by the Director to sign on the Directors behalf).
£25,001 up to EU Threshold (currently £625,050)	Bids must be invited in accordance with Rule 8 . These must be advertised using the E-Sourcing system and published to Contracts Finder.	One signature The Director within the relevant Directorate (or by an Officer authorised by the Director to sign on the Directors behalf).
Above EU Threshold (currently £625,050)	Follow the appropriate EU Procedure as set out in Rules 10 and 11 . The Director must be informed of the procurement and approval sought through the Gateway process	Two signatures The Director (or by an Officer authorised by the Director to sign on the Directors behalf). AND The ACE(LDS) (or by an Officer authorised by the ACE (LDS) to sign on his behalf). Sealing (where appropriate) ACE(LDS) (or by an Officer authorised by the ACE (LDS) to sign on his behalf) in accordance with Rule 6 .

3. COMPLIANCE WITH LEGISLATION AND STANDARDS

3.1 Every Contract shall comply with all relevant applicable legislation and government guidance including:-

- (a) EU Law
- (b) Acts of Parliament
- (c) Statutory Instruments including, but without limitation, the Public Contracts Regulations 2015.

3.2 Where relevant, every Contract shall specify that materials used, goods provided, services supplied or works undertaken (as the case may be) shall comply with applicable standards. Such standards are, in order of priority:-

- (a) EU Standards

- (b) British Standards implementing international standards
- (c) British Standards

4. POWERS AND KEY DECISIONS

- 4.1 In consultation with the ACE(LDS) Directors shall ensure that the Council has the legal power to enter into any Contract and that in respect of all Contracts, regardless of whether they involve the procurement or provision by the Council of Works, Supplies, Services or Social and Other Specific Services Directors shall ensure that no Contract shall be entered into which is ultra vires.
- 4.2 Directors shall ensure that a written record of the decision to procure a Contract is made in accordance with the Gateway process where **Rule 17** applies. Where such a decision comprises a Key Decision under the Constitution, Directors shall ensure that it is entered on to the Forward Plan and treated as a Key Decision in all respects.

5. FORM OF CONTRACT

- 5.1 Every Contract shall be evidenced in writing (by the use of a purchase order exchange of correspondence or other written medium).
- 5.2 Wherever appropriate, and for all Contracts exceeding £25,000 in value, such written agreements shall be made on the basis of terms and conditions agreed by the ACE(LDS). Such terms and conditions may be incorporated into standard order conditions. The Council may accept different terms and conditions proposed by a Contractor provided that the advice of the ACE(LDS) as to their effect has been sought and considered.
- 5.3 The written form of agreement must clearly specify the obligations of the Council and the Contractor and shall include:-
 - (a) the work to be done or the Supplies, Services or Social and Other Specific Services to be provided
 - (b) the standards which will apply to what is provided
 - (c) the price or other consideration payable
 - (d) the time in which the Contract is to be carried out
 - (e) the remedies which will apply to any breach of Contract.
- 5.4 The written form of agreement for all Contracts exceeding £25,000 in value must include the following or equivalent wording:-
 - (a) "If the Contractor:-
 - (i) Has offered any gift or consideration of any kind as an inducement or disincentive for doing anything in respect of this Contract or any other Contract with the Council, or
 - (ii) Has committed any offence under the Bribery Act 2010, or
 - (iii) Has committed an offence under Section 117 (2) of the Local Government Act 1972

the Council may terminate the Contract immediately and will be entitled to recover all losses resulting from such termination”.

- (b) “If the Contractor is in persistent and/or material breach of Contract the Council may terminate the Contract and purchase the Supplies, Works, Services or Social and Other Specific Services from a third party and the Council may recover the cost of doing so from the Contractor.”

5.5 The standard clauses contained in the Procurement Manual relating to the Freedom of Information Act 2000 and the Data Protection Act 1998 shall, wherever possible, be included in all Contracts exceeding £25,000 in value.

5.6 Other standard clauses are contained in the Procurement Manual relating to, for example, equalities, the Public Services (Social Value) Act 2012, sustainability and best value; these are not mandatory for each such written agreement referred to in **Rule 5.4** above, but should be included where appropriate.

6. SIGNATURE/SEALING OF CONTRACTS

6.1 Every written Contract must be either signed or sealed in accordance with this Rule.

6.2 The ACE(LDS) and such of his staff as he may designate are authorised to sign any such Contract.

6.3 The ACE(LDS) also authorises such Contracts to be signed as prescribed in **Rule 2.11, Tables 1-3** provided that:-

- (a) appropriate authority exists for the Council to enter into the Contract, and
- (b) the Contract is either:-
 - (i) in a nationally recognised form, or
 - (ii) a standard form prepared or approved by the ACE(LDS), or
 - (iii) is otherwise in a form approved by the ACE(LDS); and
- (c) any variations to approved forms of Contract must themselves be approved by the ACE(LDS), whether or not they are effected by amending the Contract itself or by correspondence

6.4 Only the ACE(LDS) (or a Legal and Democratic Services’ Officer (LDSO) authorised by the ACE(LDS)) may seal a Contract on behalf of the Council, in each case being satisfied that there is appropriate authority to do so.

7. BONDS AND LIQUIDATED DAMAGES

7.1 Where appropriate Directors (in consultation with the CD-SR) shall consider whether to include provision for the payment of liquidated damages by a Contractor for breach of Contract. Such consideration shall be recorded in the Gateway Process (Stage 1).

7.2 Where considered appropriate by a Director (in consultation with the CD-SR), the Contractor will be required to provide a performance bond to secure the performance of the Contract. Such performance bonds should provide for a sum of not less than 10% of the total value of the Contract or such other sum as the CD-SR considers appropriate.

- 7.3 Agreements made under Section 38 (adoption of new highways) or Section 278 (development of existing highways) of the Highways Act 1980 shall always include provision for a bond in respect of such sum as the Corporate Director Business and Environmental Services shall consider appropriate except where:-
- (a) the identity of the developer renders the need for a bond unnecessary, or
 - (b) adequate alternative security is provided, or
 - (c) the Corporate Director Business and Environmental Services (in consultation with the CD-SR) agrees that it is inappropriate for a bond to be required.

8. BIDS

- 8.1 Where the estimated value of a Contract is £25,000 or less the invitation of Bids is not mandatory, but written Bids should be invited where appropriate and best value should always be sought. If an Officer is not seeking three Bids then the Best Value Form must be completed to capture the rationale for this decision.
- 8.2 If the estimated value of a Contract exceeds £25,000 but is less than the appropriate EU Threshold, Bids must be invited from all potential Contractors in accordance with **Rule 2.11, Tables 1-3**. A notice advertising the opportunity shall be published through the E-Sourcing System and on Contracts Finder and, if considered appropriate, a local newspaper and a suitable professional or trade journal or website. The form of advertising shall take into account the value, location and subject matter of the Contract. The notice shall specify brief details of the Contract, how the ITB documents may be obtained and the closing date for receipt of Bids by the Council.
- 8.3 All potential Contractors invited to submit Bids shall be provided in all instances with identical information and instructions. Where considered appropriate, Directors may permit potential Contractors who have been invited to submit Bids under **Rule 8.2** to also submit variant Bids (i.e. Bids which do not comply with some or all of the requirements of the primary Bid). The same opportunity to submit variant Bids must be given to all potential Contractors.
- 8.4 A written Bid may only be considered if:-
- (a) it has been received electronically through the E-Sourcing System, or
 - (b) (where permitted in exceptional circumstances) it has been received in a sealed envelope marked "Bid" and indicating the subject matter of the Bid and
 - (c) it has been opened after the expiry of the deadline for submissions and at the same time as other Bids for the same subject matter in the presence of at least two Officers authorised to open Bids..
- 8.5 Before Bids with a value in excess of £25,000 are requested the evaluation criteria must be recorded in writing in the ITB evaluation model. The evaluation criteria must be identified and the weighting between price and quality established and stated in the request for Bids sent to Participants.
- 8.6 If a Bid other than the most economically advantageous Bid is to be accepted, the written approval of the Director (in consultation with the CD-SR or if the relevant Director is the CD-SR, in consultation with the Chief Executive) shall be sought and obtained before the Bid is accepted.

8.7 A Bid cannot be accepted where the value exceeds the relevant EU Threshold. If the value of the Bid exceeds the relevant EU Threshold a Director must seek tenders in accordance with **Rules 10 and 11**.

8.8 Before a Contract is awarded after a Bid exercise such steps shall be taken by the Responsible Officer, in conjunction with the CD-SR, as are reasonably necessary (having regard to the subject matter, value, duration of the Contract and other relevant factors) to complete a risk assessment of the potential Contractor's financial stability.

8.9 Bids may be altered only in accordance with **Rule 9**.

9. POST BID NEGOTIATION AND CLARIFICATION

9.1 Post Bid negotiations may not be undertaken where the value of the Contract exceeds the relevant EU Threshold. If the value of a Bid exceeds the relevant EU Threshold, the Director must invite tenders in accordance with **Rules 10 and 11**.

9.2 Post Bid negotiations with selected Participants shall only be carried out where:-

- (a) post Bid negotiations are permitted by law; and
- (b) the Director in consultation with the DPC considers that added value may be obtained; and
- (c) post Bid negotiations are conducted by a team of suitably experienced Officers approved by the Director who have been trained in post Bid negotiations; and
- (d) a comprehensive, written record of the post Bid negotiations is kept by the Director; and
- (e) a clear record of the added value to be obtained as a result of the post Bid negotiations is incorporated into the Contract with the successful Participant.

9.3 **Rules 9.1 and 9.2** shall not operate to prevent clarification of all or part of any Bid to the extent permitted by law and where such clarifications are sought the provisions of **Rules 9.2 (c) and 9.2 (d)** shall apply, except that the word "clarification" shall be substituted for the word "negotiation" in these Rules.

10. OJEU TENDERS

10.1 Tenders for Contracts which exceed the EU Threshold shall be invited and awarded in accordance with the PCRs and as prescribed in **Rule 10 and 11**.

General Requirements

10.2 Before an OJEU Tender is requested the evaluation criteria to be applied to the OJEU Tender must be recorded in writing in the ITT evaluation model. The evaluation criteria must be identified and the weighting between price and quality established and stated in the ITT sent to Participants.

10.3 Irrespective of the procurement process being undertaken an OJEU notice must be published through the E-Sourcing system.

10.4 All Participants invited to submit OJEU Tenders shall be provided in all instances with identical instructions and information.

- 10.5 Where considered appropriate, a Director may, in consultation with the DPC, permit Participants to submit variant OJEU Tenders (i.e. tenders which do not comply with some or all of the requirements of the primary tender). The same opportunity to submit variant OJEU Tenders shall be given to all Participants. Variant OJEU Tenders shall only be considered if the Participant also submits a compliant primary tender.
- 10.6 The evaluation of the OJEU Tender submissions shall be carried out by Officers who are considered appropriate having regard for the subject matter and value of the Contract.

11. OPTIONS FOR OJEU TENDER

- 11.1 The Gateway Process shall identify which of the following OJEU Tender processes shall be used to invite tenders for Contracts with a value in excess of the relevant EU Threshold:
- (i) the Open Procedure (as prescribed by Regulation 27)
 - (ii) the Restricted Procedure (as prescribed by Regulation 28)
 - (iii) the Competitive Procedure with Negotiation (as prescribed by Regulation 29)
 - (iv) the Competitive Dialogue Procedure (as prescribed by Regulation 30)
 - (v) the Innovation Partnership Procedure (as prescribed by Regulation 31)
 - (vi) Negotiated Procedure without prior publication (as prescribed by Regulation 32)
 - (vii) Framework Agreement (as prescribed by Regulation 33)
 - (viii) Dynamic Purchasing System (as prescribed by Regulation 34)
 - (ix) Electronic auctions (as prescribed by Regulation 35)
 - (x) Electronic catalogues (as prescribed by Regulation 36)
 - (xi) Light Touch Regime (as prescribed by Regulations 74-76)

and such identified process shall be used for the invitation of OJEU Tenders in accordance with the requirements of the PCR's.

12. RECEIPT AND OPENING OF OJEU TENDERS

- 12.1 A written OJEU Tender may only be considered if:-
- (a) it has been received electronically through the E-Sourcing System; or
 - (b) (where permitted under Regulation 84 (h)) it has been received in hard copy in a sealed envelope marked "OJEU Tender" and indicating the subject matter of the OJEU Tender, and the identity of the Participant cannot be ascertained from the tender envelope; and
 - (c) (subject to **Rule 12.4**) it has been received by the OJEU Tender closing date and time
- 12.2 The ACE(LDS) (or a person designated by him) shall be responsible for the reception and safe custody of OJEU Tenders until they are opened.
- 12.3 OJEU Tenders, whether electronic or hard copy must be opened at the same time and in the presence of the ACE(LDS) (or a person designated by him) or, where Legal and Democratic Services is undertaking the procurement, the CD-SR (or an Officer designated by him). The E-Sourcing System records the date and time of the OJEU Tender opening, the identity of the Officer(s) present, the identities of the Participants and the tendered sums. Where permitted under Regulation 84 (h) and

OJEU Tenders are returned in hard copy format a written record shall be maintained of the OJEU Tenders received. Such a record shall include the date and time of OJEU Tender opening, the identity of the Officer(s) present, the identities of Participants and the tendered sums (where readily ascertainable). A copy of such a record shall be provided as soon as practicable to the Director inviting the OJEU Tenders for audit purposes.

- 12.4 If an OJEU Tender is received after the specified closing date and time it may not be considered unless the ACE(LDS) is satisfied that the OJEU Tender was submitted electronically or posted or otherwise dispatched in sufficient time to be delivered before the specified time but that delivery was prevented by an event beyond the control of the Participant.

13. OJEU TENDER EVALUATION AND ACCEPTANCE

- 13.1 The Director shall evaluate OJEU Tenders using the evaluation model published in accordance with **Rule 10.2**.

- 13.2 Only in exceptional circumstances agreed by the ACE(LDS) can an OJEU Tender other than the MEAT be accepted. In these circumstances a signed and dated record of the reasons for the action taken shall be made within the Gateway Process (Stage 3).

- 13.3 If, as a result of the OJEU Tender evaluation process the Director is satisfied that an arithmetical error has been made inadvertently by a Participant such an error may, after clarification with the Participant, be corrected. The Director shall record any such clarification in writing.

- 13.4 Before a Contract is awarded the Director shall, in consultation with the CD-SR, complete a risk assessment to ascertain the financial stability of the successful Participant. The risk assessment shall take into account the subject matter, complexity, duration, value and any other such factors as may be deemed to be relevant. This shall be undertaken in accordance with the Gateway Process (Stage 3).

- 13.5 On completion of the evaluation of the OJEU Tenders received and once all internal approvals have been obtained through the Gateway Process (Stage 3), the Director shall write to all Participants informing them of the outcome of the OJEU Tender evaluation and providing feedback on the content of their submission, in accordance with Regulation 55 of the PCRs.

- 13.6 The Director shall wait a minimum of ten days (15 days if not sent electronically) from the date of issue of the letters notifying the Participants of the result of the evaluation before completing the Contract with the successful Participant.

- 13.7 The Director shall send for publication a Contract Award Notice stating the outcome of the procurement procedure no more than 30 days after the award of the Contract.

14. CERTIFICATION OF CONTRACTS

- 14.1 The Local Government (Contracts) Act 1997 clarified the power of local authorities to enter into certain Contracts, including Private Finance Initiative Contracts. Where Contracts need to be certified under the 1997 Act, only the following Officers are authorised to do so: the Corporate Director Children and Young People's Service, the Corporate Director Business and Environmental Services, the Corporate Director Health and Adult Services, the Director of Public Health, the ACE(LDS) and the CD-SR.

15. EXCEPTIONS TO CONTRACT PROCEDURE RULES

15.1 A Director does not need to invite bids in accordance with **Rule 8**, in the following circumstances:-

- (a) purchases via Framework Agreements which have been established either by the Council or by other public sector bodies or consortia (including, but not limited to YPO) and where such framework agreements are lawfully accessible to the Council. Contracts awarded from such Framework Agreements shall be awarded in accordance with the provisions of that Framework Agreement; or
- (b) the instruction of Counsel by the ACE(LDS); or
- (c) where a grant or other external funding is received by the Council, either in its own right or as an accountable body, and the terms of such grant or other external funding state that such grant or other external funding must be applied in accordance with the terms of such grant or other external funding; or
- (d) purchases at public auctions (including internet auction sites, e.g. Ebay) where the Director is satisfied that value for money will be achieved; or
- (e) the purchase of Supplies, Works, Services or Social and Other Specific Services which are of such a specialised nature as to be obtainable from one Contractor only; or
- (f) repairs to or the supply of parts for existing proprietary machinery or plant where to obtain such supplies from an alternative supplier would invalidate the warranty or contractual provisions with the existing supplier; or
- (g) Social or Other Specific Services Contracts where:-
 - (i) the service is currently supplied by a Contractor to the satisfaction of the relevant Corporate Director, is considered to be offering value for money and where the foreseeable disruption to service users cannot justify the invitation of further bids, or
 - (ii) the service is of a specialist or personal nature and where service users must be involved in the selection of the Contractor and where the Corporate Director Health and Adult Services and the Corporate Director Children and Young People's Service considers it inappropriate for bids to be invited, or
 - (iii) where the relevant Corporate Director is satisfied that the urgency of the need for the service prevents the invitation of bids in which case consideration shall be given to the duration of that service; or
- (h) Contracts where the Director with the agreement of the CD-SR agree that for reasons of extreme urgency brought about by unforeseeable events un-attributable to the Council, the timescales for obtaining bids cannot be met. A written record shall be signed and dated by the Director, whenever this Rule applies.

15.2 Where any of the exceptions set out in **(d) to (h)** above are applied a Directors Recommendation, in consultation with the relevant DPC, shall be signed, dated and

kept. The Director shall maintain a register of all recommendations made under this Rule.

15.3 A Director does not need to invite OJEU tenders in accordance with **Rule 10 and 11**, in the following circumstances:-

(a) purchases via Framework Agreements which have been established either by the Council or by other public sector bodies or consortia (including, but not limited to YPO) and where such Framework Agreements are lawfully accessible to the Council. Contracts awarded from such Framework Agreements shall be awarded in accordance with the provisions of that Framework Agreement. Where appropriate Officers should apply a minimum 10 day standstill period for all call-off Contracts awarded under an existing Framework Agreement. This is not mandatory but is deemed best practice; or

(b) where:

- (i) Regulations 12 or 72 of the PCRs apply; or
- (ii) any other specific exclusions as set out in the PCRs apply;

and the ACE(LDS), the relevant Director and CD-SR are in agreement. A written record shall be signed and dated whenever this Rule applies and the Director shall maintain a register of such written records.

Waivers

15.4 Specific exceptions to **Rule 8** are permitted in such other circumstances as the CD-SR and the ACE(LDS) may agree.

15.5 Requests for waivers shall be made using the Waiver Request Form prescribed by the ACE(LDS) and the CD-SR which shall specify the reasons for the request.

15.6 The ACE(LDS) shall maintain a register of all requests made under this Rule and the responses given to them.

15.7 Specific exemptions to **Rule 10 and 11** may be permitted in exceptional circumstances as the ACE(LDS) and CD-SR may agree in accordance with the PCRs. The ACE(LDS) shall maintain a register of all requests made under this Rule and the responses given to them.

16. COMPLIANCE, CONTRACT REGISTER AND FORWARD PROCUREMENT PLANS

16.1 Every Officer shall comply with these Rules and any unauthorised failure to do so may lead to disciplinary action.

16.2 The CD-SR shall be responsible for monitoring adherence to these Rules.

16.3 Each Director shall nominate a representative to act as a key contact point in relation to procurement matters for the Directorate; such representatives shall be termed DPCs.

16.4 Each Director, CPG and/or the DPCs shall take all such steps as are reasonably necessary to ensure that Officers within their Directorate are aware of and comply with these Rules, the Procurement Manual and the Finance Manual referred to in **Rule 2.5**.

- 16.5 DPCs are responsible for the production of a FPP which will be completed in such format as CPG shall require.
- 16.6 The DPCs shall each present an updated FPP to their respective directorate management teams quarterly for approval throughout the year.
- 16.7 An annual report on procurement matters, such report to include an annual procurement plan and actions arising from the annual procurement plan, will be presented to a meeting of the Corporate and Partnership Overview and Scrutiny Committee.
- 16.8 The Council maintains a Contract Register the purpose of which is to record key details of all Contracts with an aggregate value of £25,000 or more.
- 16.9 DPCs shall ensure that:-
 - (a) all relevant Contracts (including those Contracts to which **Rule 15** applies) are entered onto the Contract Register
 - (b) the Contract Register is maintained by entering new Contracts onto it and removing expired Contracts from it in line with the Council's Records Retention and Destruction Schedule.

Contracts Finder

- 16.10 When a Contract in excess of £25,000 is awarded the Director shall ensure that such information as is prescribed in the PCRs is published on Contracts Finder via the E-Sourcing system.

17. GATEWAY PROCESS REPORTS INCLUDING NOTIFICATION OF SECTION 151 OFFICER AND MONITORING OFFICER

- 17.1 When a procurement is being considered which is expected to exceed the financial value thresholds specified in **Rule 17.2** then the Responsible Officer must complete the Gateway Process report for consideration by the relevant Directorate Management Team and the ACE(LDS) or the relevant Director, the Assistant Director with responsibility for finance within that Directorate, the ACE(LDS) and the DPC. No procurement should commence before the Gateway Process report is approved. The report shall include the estimated "whole life" financial value of the Contract, the procurement methodology and any other relevant factors including, but without limitations, any TUPE implications. The Assistant Director with responsibility for finance will enter details on a register of procurements approved under this Rule which will be available to the CD-SR and the ACE(LDS).
- 17.2 The whole Contract financial value thresholds for the purposes of **Rule 17.1** are:
 - (a) Works Contracts - £1m
 - (b) Social and Other Specific Services Contracts - £625,050.
 - (c) Supplies and Services Contracts - £172,514
- 17.3 No action leading towards procurement, including any steps to undertake a further competition under an existing framework arrangement, shall be undertaken until confirmation of the process has been given under the terms set out in **Rule 17.1**.

18. CONTRACT MONITORING

- 18.1 The Responsible Officer shall take all such steps as are appropriate to monitor and review the performance of the Contract, having regard to its value, nature, duration and subject matter. As part of the monitoring and review process the Responsible Officer shall maintain adequate records of Contract performance and details of review meetings with the Contractor. Such records and details shall be made available to Internal Audit whenever required and shall be recorded in any relevant Gateway Process report (Stage 4). Such records shall also be used on the basis for any permitted extension to the Contract.

Contract Variation

- 18.2 Contracts with a value below the relevant EU Threshold may be varied in accordance with the terms of that Contract. Any proposed variations which have the effect of materially changing the Contract must be approved by the ACE(LDS), whether or not they are effected by amending the Contract itself or by correspondence.
- 18.3 Contracts with a value in excess of the relevant EU Threshold may be varied in accordance with the terms of that Contract or as outlined in Regulation 72 of the PCRs. Any proposed variations which have the effect of materially changing the Contract must be approved by the ACE(LDS), whether or not they are effected by amending the Contract itself or by correspondence.

Contract Termination

- 18.4 If an Officer requires a Contract which exceeds the financial values stated in **Rule 17.2** to be terminated then this must be done in accordance with the terms of the Contract. Approval must be sought in accordance **Rule 17.1** (Gateway Process Stage 4b).

19. TRAINING FOR PROCUREMENT

- 19.1 Where appropriate any Officer involved in procurement activities shall have received a level of formal training commensurate with the nature of the procurement activity being undertaken.

20. DECLARATION OF INTERESTS

- 20.1 If it comes to the knowledge of a Member, Responsible Officer or other Officer that a Contract in which he has an interest (determined in accordance with the Members' and/or Officers' Code of Conduct as appropriate) has been or is proposed to be entered into by the Council, he shall immediately give written notice to the ACE(LDS).

21. GRANTS

- 21.1 A Director shall consider when procuring the provision of the Services, Supplies Works or Social & Other Specific Services, whether a Grant would be a preferable means to achieving its objectives rather than following a competitive Bid process.
- 21.2 Where the value of a Grant exceeds £25,000, the Director shall have the discretion to conduct a competitive application process for the award of that Grant if doing so demonstrates best value for the Council. If a Director is not conducting a competitive application process then the Best Value Form must be completed to capture the rationale for the decision.

21.3 Where the value of a Grant exceeds the relevant EU Threshold, the Director shall complete the Gateway Process in accordance with **Rule 17**.

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

3 December 2015

Audit Committee Terms of Reference

Report of the Corporate Director – Strategic Resources

1.0 PURPOSE OF THE REPORT

- 1.1 To consider possible changes to the Audit Committee's Terms of Reference in line with the requirement to review the Terms of Reference on an annual basis. To identify future training needs for the Committee.

2.0 BACKGROUND

- 2.1 The Audit Committee last reviewed its Terms of Reference at its meeting on 4 December 2014. At that time no changes were considered necessary.
- 2.2 It is best practice to formally review the Terms of Reference on a regular basis and to make changes as necessary. This report therefore seeks to identify any changes that may now be required as a result of recent legislation or developments in recommended best practice. Members' views are also sought on whether the current Terms of Reference enable the Committee to discharge its responsibilities effectively.
- 2.3 To remain effective, the Committee should also receive regular training on topics relevant to its work. Members' views are important in establishing the programme of training and support.

3.0 CURRENT TERMS OF REFERENCE

- 3.1 The full Terms of Reference are attached as **Appendix A**. In summary, the paragraphs relate to the following areas –
1. Internal Audit
 2. External Audit
 3. Contract, Finance and Property Procedure Rules
 4. Financial Statements (includes Statement of Final Accounts)
 5. Corporate Governance
 6. Risk Management
 7. Information Governance
 8. Treasury Management
 9. Value for Money
 10. Terms of Reference
 11. Any other relevant matter referred
 12. Audit and Counter Fraud

- 3.2 A number of the areas identified above are responsibilities discharged by the Audit Committee on behalf of the County Council where there is a statutory obligation. In addition, there are areas where the Audit Committee is fulfilling a role which ensures that Members and the public receive assurance about the County Council's framework of governance, risk management and internal control. It is important that these areas remain in place but that the Committee can discharge its responsibilities effectively.
- 3.3 It is not felt that there are any areas that currently merit change in the Terms of Reference. However, it is recognised that changes may be required in the future as a result of the introduction of the local appointment of external auditors from 2018/19 onwards. We are currently awaiting guidance from CIPFA and possibly DCLG on this and further details will be shared with the Committee once this is received.

4.0 TRAINING / FURTHER DEVELOPMENT

- 4.1 Most Audit Committee meetings have continued to be preceded by briefing sessions or more in-depth training. These have been generally well received and it is intended that this approach continues. During 2015, the Committee received training on the role of the Committee and a briefing on Health and Social Care Integration. Members were also provided with the opportunity to meet and discuss future audit arrangements with the new external auditors, KPMG.
- 4.2 A briefing on counter fraud arrangements is planned for the March 2016 meeting. Members' views are however welcomed in considering other topics for future briefing or training sessions.

5.0 RECOMMENDATION

- 5.1 The Audit Committee are requested to
- i. Approve (i.e. no changes) the existing Terms of Reference for the Audit Committee
 - ii. Offer views on topics for future training or briefing sessions which would help support the working of the Committee.

GARY FIELDING
Corporate Director – Strategic Resources

County Hall
NORTHALLERTON

24 November 2015

Background Documents:

None

AUDIT COMMITTEE

TERMS OF REFERENCE

1. In respect of Internal Audit
 - ◆ to approve the Internal Audit Strategy, Annual Audit Plan and performance criteria for the Internal Audit Service.
 - ◆ to review summary findings and the main issues arising from internal audit reports and seek assurance that management action has been taken where necessary.
 - ◆ to review the effectiveness of the anti-fraud and corruption arrangements throughout the County Council.
 - ◆ consider the annual report from the Head of Internal Audit.
 - ◆ to review the effectiveness of the system of Internal Audit and the Committee itself on an annual basis.
2. To review the workplan and performance of External Audit.
3. To review, and recommend to the Executive, changes to Contract, Finance and Property Procedure Rules.

4. In respect of **financial statements**

For both the County Council and the North Yorkshire Pension Fund

- ◆ to approve the respective annual Statements of Final Accounts
 - ◆ to receive and review the Annual Audit Letters and associated documents issued by the External Auditor
 - ◆ to review changes in accounting policy.
5. In respect of **Corporate Governance**
 - ◆ to assess the effectiveness of the County Council's Corporate Governance arrangements
 - ◆ to review progress on the implementation of Corporate Governance arrangements throughout the County Council
 - ◆ to approve Annual Governance Statements for both the County Council and the North Yorkshire Pension Fund
 - ◆ to review the annual Statements of Assurance provided by the Chief Executive, Management Board and Corporate Directors
 - ◆ to liaise, as necessary, with the Standards Committee on any matter(s) relating to the Codes of Conduct or both Members and Officers.

6. In respect of **Risk Management**
 - ♦ to assess the effectiveness of the County Council's Risk Management arrangements
 - ♦ to review progress on the implementation of Risk Management throughout the County Council.

7. In respect of **Information Governance**
 - ♦ to review all corporate policies and procedures in relation to Information Governance
 - ♦ to oversee the implementation of Information Governance policies and procedures throughout the County Council.

8. In respect of **Treasury Management**
 - ♦ to be responsible for ensuring effective scrutiny of the County Council's Treasury Management strategy and policies as required by the CIPFA Treasury Management Code of Practice
 - ♦ to review these Treasury Management strategies, policies and arrangements and make appropriate recommendations to the Executive.

9. In respect of **Value for Money**
 - ♦ to have oversight of the arrangements across the County Council in securing Value for Money

10. To meet not less than four times a year on normal business and review its Terms of Reference on an annual basis.

11. To consider any other relevant matter referred to it by the County Council, Executive or any other Committee. In addition any matter of concern can be raised by this Committee to the full County Council, Executive or any other Member body.

12. To exercise all functions in relation to the making and changing of policy relating to such audit and counter-fraud matters which fall within the remit of the Committee (save as may be delegated otherwise).

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

3 DECEMBER 2015

INTERNAL AUDIT WORK FOR THE BUSINESS AND ENVIRONMENTAL SERVICES
DIRECTORATE

Report of the Head of Internal Audit

1.0 PURPOSE OF THE REPORT

- 1.1 To inform Members of the **internal audit work** performed during the year ended 30 November 2015 for the Business and Environmental Services (BES) directorate and to give an opinion on the systems of internal control in respect of this area.

2.0 BACKGROUND

- 2.1 The Audit Committee is required to assess the quality and effectiveness of the corporate governance arrangements operating within the County Council. In relation to the BES directorate, the Committee receives assurance through the work of internal audit (as provided by Veritau), as well as receiving a copy of the latest directorate risk register and the relevant Statement of Assurance.
- 2.2 This agenda item is considered in two parts. This first report considers the work carried out by Veritau and is presented by the Head of Internal Audit. The second part is presented by the Corporate Director and considers the risks relevant to the directorate and the actions being taken to manage those risks.

3.0 WORK DONE DURING THE YEAR ENDED 30 NOVEMBER 2015

- 3.1 Details of the work undertaken for the directorate and the outcomes of these audits are provided in **Appendix 1**.
- 3.2 Veritau has also been involved in carrying out a number of other assignments for the directorate. This work has included;
- Providing ad-hoc advice on various control issues;
 - Auditing and certifying a number of grant returns such as the Local Transport Plan, the Local Sustainable Transport Fund (LSTF) Grant, the Pothole Fund Grant and the Local Authority Bus Subsidy Grant. We review relevant supporting information to ensure expenditure had been incurred in accordance with grant conditions;
 - Meeting with BES management and maintaining ongoing awareness and understanding of key risk areas such as the long term waste service contract, highways maintenance contract and BALB bypass project.

3.3 As with previous audit reports, an overall opinion has been given for each of the specific systems or areas under review. The opinion given has been based on an assessment of the risks associated with any weaknesses in control identified. Where weaknesses are identified then remedial actions will be agreed with management. Each agreed action has been given a priority ranking. The opinions and priority rankings used by Veritau are detailed in **Appendix 2**. Where the audits undertaken focused on value for money or the review of specific risks as requested by management then no audit opinion will have been given.

3.4 It is important that agreed actions are formally followed up to ensure that they have been implemented. Veritau follow up all agreed actions on a regular basis, taking account of the timescales previously agreed with management for implementation. **On the basis of the follow up work undertaken during the year, the Head of Internal Audit is satisfied with the progress that has been made by management to implement previously agreed actions necessary to address identified control weaknesses.**

3.5 All internal audit work undertaken by Veritau is based on an Audit Risk Assessment. Areas that are assessed as well controlled or low risk are reviewed less often with audit work instead focused on the areas of highest risk. Veritau's auditors work closely with directorate senior managers to address any areas of concern.

4.0 **AUDIT OPINION**

4.1 Veritau performs its work in accordance with the Public Sector Internal Audit Standards (PSIAS). In connection with reporting, the relevant standard (2450) states that the chief audit executive (CAE)¹ should provide an annual report to the board². The report should include:

- (a) details of the scope of the work undertaken and the time period to which the opinion refers (together with disclosure of any restrictions in the scope of that work)
- (b) a summary of the audit work from which the opinion is derived (including details of the reliance placed on the work of other assurance bodies)
- (c) an opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework (ie the control environment)
- (d) disclosure of any qualifications to that opinion, together with the reasons for that qualification
- (e) details of any issues which the CAE judges are of particular relevance to the preparation of the Annual Governance Statement
- (f) a statement on conformance with the PSIAS and the results of the internal audit Quality Assurance and Improvement Programme.

4.2 The overall opinion of the Head of Internal Audit on the framework of governance, risk management and control operating in the Business and Environmental Services directorate is that it provides **substantial assurance**. There are no

¹ The PSIAS refers to the chief audit executive. This is taken to be the Head of Internal Audit.

² The PSIAS refers to the board. This is taken to be the Audit Committee.

qualifications to this opinion and no reliance was placed on the work of other assurance bodies in reaching that opinion.

5.0 RECOMMENDATION

- 5.1 That Members consider the information provided in this report and determine whether they are satisfied that the internal control environment operating in the Business and Environment Services Directorate is both adequate and effective.

MAX THOMAS
Head of Internal Audit

Veritau Ltd
County Hall
Northallerton

19 November 2015

BACKGROUND DOCUMENTS

Relevant audit reports kept by Veritau Ltd at 50 South Parade, Northallerton.

Report prepared by Stuart Cutts, Internal Audit Manager, Veritau and presented by Max Thomas, Head of Internal Audit.

FINAL AUDIT REPORTS ISSUED IN THE YEAR ENDED 30 NOVEMBER 2015

System/Area	Audit Opinion	Areas Reviewed	Date Finalised	Comments	Action Taken
A	Bedale, Aiskew and Leeming Bar (BALB) by-pass High Assurance	<p>The BALB by-pass is a significant scheme funded by the Department of Transport and the County Council. Following a procurement exercise in 2014, the construction contract was awarded to Wills Brother Civil Engineering Limited.</p> <p>This audit review was the third in a number of planned audits over the life cycle of the project. The audit assessed the extent to which:</p> <ul style="list-style-type: none"> • suitable Governance arrangements were in place • risk and project management plans were being regularly reviewed and updated • management were satisfied that risk reduction actions were being effective • the expected outcomes of the scheme were being delivered in a timely manner 	April 2015	<p>The audit work reviewed the agreed management actions from the audit report issued in February 2014. We found all actions had been completed satisfactorily.</p> <p>Effective project and risk management arrangements were found to be in place. One risk associated with the need to ensure continuing project management support was identified. It was recommended that this risk was added to the Project Risk Register.</p>	<p>One P3 action was agreed.</p> <p>Responsible Officer Major Projects Manager, Highways & Transportation</p> <p>Although the risk was considered to be low it was added to the Project Risk Register.</p>
B	Winter Maintenance Substantial Assurance	Payments are made to Ringway Infrastructure Services (RIS) on the	August 2015	Payments for winter maintenance have been formally reviewed by the	One P2 action was agreed.

System/Area	Audit Opinion	Areas Reviewed	Date Finalised	Comments	Action Taken
		<p>basis of terms included in the Highways Maintenance Contract (HMC), which has been in place since 2012. These payments are reviewed and authorised by officers within the BES directorate.</p> <p>The audit reviewed the following areas:</p> <ul style="list-style-type: none"> • whether the payment terms and associated obligations included within the HMC 2012 contract in respect of the winter maintenance service are sufficiently clear • whether changes in the schedule of rates and method of measurement agreed by the Contract Administrator are properly communicated to relevant officers. 		<p>Commercial Services Unit (CSU) in accordance with the contract. A difference in interpretation led to a disagreement in respect of payments for 2012/13 but this has been resolved.</p> <p>The audit recommended that such issues should be logged centrally and retained for inclusion within the next tendering exercise to be undertaken in respect of the Highways Maintenance Contract.</p>	<p>Responsible Officer Head of Commercial Services</p> <p>Anomalies with the existing contract are being logged by the CSU team and will be taken into account when the tender documents for the next contract are produced.</p> <p>Contract clarifications and guidance notes are regularly distributed by CSU to all relevant staff to ensure that any changes are consistently applied.</p>
C	Highways Maintenance Contract	Reasonable Assurance	October 2015	<p>The audit found significant work was still being undertaken to address the remaining issues which were preventing the contract operating as envisaged.</p> <p>The audit noted that RIS was still not meeting all of the targets set under the contract. Client staff had found it difficult to validate some of the performance management data and it</p>	<p>Four P2 actions were agreed</p> <p>Responsible Officer Head of Commercial Services</p> <p>Management and Ringway have completed the review of the Contract Performance Indicators and a new framework has been in operation since April 2015.</p>

System/Area	Audit Opinion	Areas Reviewed	Date Finalised	Comments	Action Taken
		<p>surface dressing of the network.</p> <p>The annual value of the contract in 2014/15 was £43m. The contract was awarded to Ringway Infrastructure Services Ltd (RIS) and commenced in April 2012.</p> <p>The audit reviewed a number of areas including:</p> <ul style="list-style-type: none"> • performance monitoring • the Contractor Self Evaluation process and the adequacy of action plans and agreed improvements • the extent to which BES monitor the progress made by RIS to complete Rectification Action Plans • the processes in place to ensure RIS agree target costs at least 4 weeks in advance of a scheme starting. • the mechanisms in place to ensure the calculation of performance data is correct. 		<p>was noted that management had agreed with RIS to review the number and type of performance indicators.</p> <p>Figures presented to the Operational Management Group in March 2015 showed significant differences between the performances of each area office. Best practice needs to be identified so all areas are performing effectively and consistently.</p> <p>Reliable performance information on Basic Maintenance works carried out by the General Maintenance Units is not yet available. It is accepted this performance is therefore currently difficult to measure accurately.</p> <p>In previous audit work some weaknesses in the system for Pain and Gain calculations were identified. This audit found the Pain and Gain calculation for 2012/13 had been agreed but not formally signed off. The 2013/14 calculation remained outstanding.</p> <p>The 2013/14 audit findings noted an intention for key systems to automatically interface. Whilst some progress had been made, full automatic interfacing between key systems remained a work in progress at the time of the 2014/15 audit.</p>	<p>The updated performance management framework aims to lead to a less onerous and time consuming process, whilst providing sufficient and more relevant information on performance.</p> <p>NYCC and Ringway have agreed and developed a new system of delivering basic maintenance works. This will aim to ensure efficient works were delivered in line with NYCC inspection manual. The new system of works ordering will seek to standardise work instructions throughout the county, this will enable the performance of front line services to be recorded and managed more effectively.</p> <p>The 2012/13 Pain and Gain calculation was finalised during October 2014. The earliest date that this could have been finalised was May 2014. Management and Ringway continue to look at ways to speed up the process.</p>

System/Area	Audit Opinion	Areas Reviewed	Date Finalised	Comments	Action Taken	
D	Vehicle Usage	Substantial Assurance	The County Council uses a number of vehicles to undertake service operations. The vehicles used include vans, cars and minibuses, and these are procured under a number of lease agreements. The Integrated Passenger Transport Service (IPT) is responsible for monitoring the condition and age of the vehicle fleet.	November 2015	Overall the procurement process for vehicles within the IPT service is robust and complies with Council policies and procedures. Officers within the IPT service ensure all financing options are considered so the most economically advantageous one to the Council can be selected. The audit noted some improvements that could be made to current procedures, including:	<p>Three P2 actions and one P3 action were agreed</p> <p>Responsible Officer Team Leader – Fleet Management.</p> <p>Masternaught reports on mileage and usage will be produced and reviewed. Instances of low use/low mileage will be fed back to relevant user departments.</p> <p>IPT Fleet Management will contact all user departments and are to discuss the findings in the audit more widely.</p> <p>All vehicles should be fitted with tracking devices and front facing cameras during 2016.</p>
			The audit examined whether:			
			<ul style="list-style-type: none"> the procurement of vehicles complies with Council's policy and procedures there is a rigorous assessment process to determine the number of vehicles the Council requires prior to each procurement exercise vehicle usage is effectively managed, to prevent the unnecessary leasing of additional vehicles there is an effective system in place to record all arrivals, disposals, and current vehicles used by directorates 		<ul style="list-style-type: none"> obtaining mileage readings for all vehicles to enable usage to be more effectively monitored using exception reports produced from the 'Masternaught' vehicle monitoring system to identify low or nil usage vehicles developing a list of vans which can be made available to other directorates when not otherwise in use (as an alternative to short term hire) extending the use of tracker devices to enable the location, movement and mileage of fleet vehicles to be monitored. 	

Audit Opinions and Priorities for Actions

Audit Opinions	
<p>Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit.</p> <p>Our overall audit opinion is based on 5 grades of opinion, as set out below.</p>	
Opinion	Assessment of internal control
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable Assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited Assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

Priorities for Actions	
Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

3 DECEMBER 2015

INTERNAL CONTROL MATTERS FOR THE BUSINESS AND ENVIRONMENTAL SERVICES DIRECTORATE

Report of the Corporate Director – Business & Environmental Services

1.0 PURPOSE OF THE REPORT

- 1.1 To provide an update to members of progress against the areas for improvement identified in the Business & Environmental Services (BES) Directorate's Statement of Assurance.
- 1.2 To provide details of the latest Risk Register for the BES Directorate.

2.0 BACKGROUND

- 2.1 The Audit Committee is required to assess the quality and effectiveness of the corporate governance arrangements operating within the County Council. In relation to the BES Directorate, the Committee receives assurance through the work of internal audit (detailed in a separate report to the Committee), details of the Statement of Assurance provided by the Corporate Director, together with the Directorate Risk Register.
- 2.2 To ensure governance and internal control matters are monitored on an on-going basis the BES Management Team receives and considers a report on a quarterly basis. This covers performance, finance, Statement of Assurance, risk and internal audit.

3.0 STATEMENT OF ASSURANCE

- 3.1 Management Board, the Chief Executive and each Corporate Director produce a Statement of Assurance (SoA) at the end of each financial year. In this statement the Corporate Director identifies those items that may give rise to internal control or performance risk issues for the Directorate in the coming financial year. These issues feed into the process to produce the Annual Governance Statement prepared for the County Council.
- 3.2 The SoA for the BES Directorate identified a number of areas for improvement for 2015/16 together with proposed actions. The relevant part of the SoA is attached as **Appendix A** together with comments and updates on progress since that meeting.

4.0 DIRECTORATE RISK REGISTER

4.1 The Directorate Risk Register (DRR) is produced initially from a review of risks at Service Unit level, which are then aggregated via a sieving process to Directorate level. This end product similarly aggregates these Directorate level risks into the Corporate Risk Register.

4.2 The Risk Prioritisation System adopted to derive risk registers categorises risks as follows:

- Category 1 and 2 are high risk (RED)
- Category 3 and 4 are medium risk (AMBER)
- Category 5 is low risk (GREEN)

These categories are relative and not absolute assessments. The DRR represents the principal risks being managed in BES that may materially impact on the performance and financial outcomes of the Directorate.

4.3 The latest detailed DRR is shown at **Appendix B**. This shows a range of key risks and the risk reduction actions designed to minimise them together with a ranking of the risks both at the present time and after mitigating action.

4.4 A summary of the DRR is also attached at **Appendix C**. As well as providing a quick overview of the risks and their ranking, it also provides details of the change or movement in the ranking of the risk since the last review in the left hand column.

4.5 A review of the BES DRR took place at the end of September and was signed off by the Directorate Management Team. A further formal update review of the register will take place in Q4 of 2015/16.

4.6 The new risks that have been added to the risk register since December 2014 (date of last progress report to the Committee) are as follows:

- 7/22 - LEP Strategy and Growth Deal. This risk combines the implementation and delivery aspects of the old 'Interaction with the LEP' and 'Local Growth Fund Accountable Body Lead' risks.
- 7/174 - Opportunities for Devolution in North Yorkshire and Consideration of a Combined Authority. This is a significantly reworded risk replacing the Leeds City region and combined authorities' risk. This risk is constantly evolving with developments.

4.7 The risks that have been deleted from the Directorate risk register since December 2014 are as follows:

- 7/213 - Local Growth Fund Accountable Body Lead. Delivery aspects are now included in 7/22 as above in paragraph 4.6.
- 7/30 - Procurement and Contract Management.
- 7/201 - Tour de Yorkshire.

4.8 The following risk descriptions have been reworded to reflect changes in the risk, but around the original subject area and are therefore not classed as new risks:

- 7/173 - Minerals and Waste Development Framework
- 7/23 - Major Incident and Business Continuity
- 7/18 - Long Term Waste Service Strategy

5.0 RECOMMENDATIONS

5.1 That the Committee:

- i) Note the position on the Business & Environmental Services Directorate Statement of Assurance;
- ii) Note the Directorate Risk Register for the Business & Environmental Services Directorate; and
- iii) Provide feedback and comments on the Statement of Assurance and Directorate Risk Register and any other related internal control issues.

DAVID BOWE

Corporate Director – Business & Environmental Services

December 2015

Report prepared by Michael Leah, Assistant Director Strategic Resources

STATEMENT OF ASSURANCE

AREAS FOR FURTHER DEVELOPMENT IDENTIFIED BUSINESS AND ENVIRONMENTAL SERVICES DIRECTORATE		
Areas for Development as Identified in 2014/15	Action Proposed	Progress To November 2015
<p>A</p> <p>2020 North Yorkshire</p> <p>As part of the transformational approach within the 2020 NY programme, BES has a savings target £10.5m. Behind this figure is a programme of work which is in place to deliver this saving. With some key projects within this programme, namely Grass Cutting and Gully Emptying, there are some delivery risks that need to be monitored and where appropriate mitigated.</p>	<p>a) Through robust service assessment, a series of business cases will be drafted, reviewed and then signed off in order for BES to plan to achieve the £10.5m savings target over the four years.</p> <p>b) Throughout the implementation process of the business cases, there is a need for close monitoring of the risks and associated mitigation actions. This will be maintained by the Project & Programme Managers, the Programme Team and BES Management Team.</p> <p>c) Key actions areas are: - public consultation (e.g. re Bus Service, to ensure delivery of service within cash-limited sum of £1.5m) - promoting & managing the use of volunteers (e.g. insurance flowchart) - ensuring compliance with statutory obligations in delivering those services set out in legislation.</p>	<p>a) Business cases have been signed off for 6 (of 9) major changes to be implemented by 2016/17. The business cases for the HWRC Review and the Highways and Transportation Review are due to be signed off by 2020 North Yorkshire Programme Board on 24th November. Projects have identified approx. £10.5m of savings with just over £10m to be delivered by 2016/17. The remaining £0.5m is due to be delivered by 2017/18.</p> <p>b) Active risk management has been on-going with the most recent review of programme risks carried out in November 2015 by the 2020 BES Programme Manager, 2020 BES project managers and the AD for Strategic Resources. Key risks for projects are highlighted in business case documents.</p> <p>c) Public consultation on bus service changes completed as planned in August 2015. IPT have actively involved Parish Councils in reviewing tenders for routes.</p> <p>Use of volunteers, in particular to support community transport and PROW (public rights of way), is still part of project plans. Project teams are working closely with the Stronger Communities team to maximise community</p>

STATEMENT OF ASSURANCE

AREAS FOR FURTHER DEVELOPMENT IDENTIFIED BUSINESS AND ENVIRONMENTAL SERVICES DIRECTORATE		
Areas for Development as Identified in 2014/15	Action Proposed	Progress To November 2015
		<p>based provision of services and work continues to attract more volunteers.</p> <p>Grass cutting changes for 2015/16 have been successfully implemented with minimal impact.</p> <p>The Gully emptying proposals will reduce overall gully emptying from 2 times every 3 years for all gullies to a more risk-based approach e.g. post 1974 developments have a well-designed drainage infrastructure, are less likely to be at risk of blocking and can therefore be emptied less often. Improvements are also being made to the asset data to help support the risk-based approach.</p>
<p>B Capacity and Resilience</p> <p>Ensuring appropriate levels of capacity and resilience within BES to meet required service levels remains a key action given the size of the current savings programme.</p> <p>This includes any necessary re-skilling of staff to meet new ways of working and the aims of the Council. Within this is continuing to take a more commercial approach to build income</p>	<p>a) As part of the 2020 NY programme, BES will continue to review the statutory & policy obligations for each service. Alongside that, we will set in place a rigorous performance management framework to ensure delivery for those services is maintained. Any potential failures will be identified early and action plans set in place to rectify.</p> <p>b) Where funding has been secured for the team to deliver joint outcomes (e.g. from Public Health) it is essential to</p>	<p>a) In conjunction with the work on the BES ambition, the directorate performance team are currently reviewing each service and how it aligns against the ambition as well as statutory obligations. This framework will help ensure intra-directorate working to achieve the overall objectives.</p> <p>b) Working closely with the Public Health team, BES are producing outline service level agreements (SLAs) which will help ensure outcomes are achieved and therefore funding retained.</p>

STATEMENT OF ASSURANCE

AREAS FOR FURTHER DEVELOPMENT IDENTIFIED BUSINESS AND ENVIRONMENTAL SERVICES DIRECTORATE		
Areas for Development as Identified in 2014/15	Action Proposed	Progress To November 2015
<p>generation that in turn can help maintain a more resilient workforce.</p> <p>This is considered in all reviews of priorities, staffing levels and associated restructures.</p>	<p>manage performance in order to maintain the funding streams.</p>	
<p>C Strategic Economic Development</p> <p>The development of a Spatial Plan for the sub-region is critical to promote ambition and growth, including through feeding in to the development of a Strategic Transport Plan and Local Transport Plan 4 (LTP4).</p> <p>LEP funding streams continue to support the economic development of the county, including the Local Growth Deal funding of £123m</p>	<p>a) LTP4 sets the County Councils transport strategies and plans for the next 30 years (to 2045) which aims to maximise utilisation of resources through long term planning. The County Council is also committed to producing a comprehensive Strategic Transport Plan to cover the period 2016-2045, which will be adopted in early 2016/17.</p> <p>b) Continue to manage the LEP funding streams whilst ensuring the Council, as Accountable Body, is protected from any undue risk through the operation of sound assurance and due diligence practices.</p>	<p>a) The Council has produced a Strategic Transport Prospectus for North Yorkshire (which can be found here). This outlines strategic priorities for the geography of North Yorkshire and beyond. For example linking Yorkshire into the proposed HS2 rail network.</p> <p>b) The Economic Partnership Unit continues to have a close working relationship with the County Council and report back through the Capital Programme Board on expenditure.</p>

STATEMENT OF ASSURANCE

AREAS FOR FURTHER DEVELOPMENT IDENTIFIED BUSINESS AND ENVIRONMENTAL SERVICES DIRECTORATE		
Areas for Development as Identified in 2014/15	Action Proposed	Progress To November 2015
<p>D</p> <p>Waste Management Strategy</p> <p>Moving to Teckal arrangements for Yorwaste is a key factor in achieving the best value from the Waste Project at Allerton Park.</p>	<p>a) In consultation with our internal and external legal advisors, set in place a robust framework for the Teckal arrangements with clear guidance of the policy.</p> <p><i>Teckal arrangement will allow NYCC to award Yorwaste contracted work without requiring a full, open competitive procurement process. There is an established EU principle which permits this as long as the parties can demonstrate the control test (which in this case is greater than 80% of activity is through public sector bodies).</i></p> <p>b) Work closely with Yorwaste to monitor levels of waste throughput to ensure that these optimise the Allerton Park plant operation in 2018.</p> <p>c) Prior to Allerton Park becoming operational, put in place a contract management system to enable close observation of risks and to assist with the pricing mechanism with Amey Cespa.</p>	<p>a) The Teckal project has been completed with the Service Contract being awarded to Yorwaste on 18th September 2015.</p> <p>b) Discussions progressing with Yorwaste and NYCC to ensure optimal amounts of waste are delivered to Allerton Park. AmeyCespa are developing their commissioning plan detailing amounts of waste needed to effectively commission the facility.</p> <p>c) Contract management systems developed to track delivery of obligations for both parties. Construction risks reviewed on a monthly basis with AmeyCespa. Internal Project Board meets quarterly to discuss project progress, risks and issues. In the process of arranging knowledge transfer for Payment Mechanism and Financial Model from external consultants (EY) to NYCC team.</p>

STATEMENT OF ASSURANCE

AREAS FOR FURTHER DEVELOPMENT IDENTIFIED BUSINESS AND ENVIRONMENTAL SERVICES DIRECTORATE		
Areas for Development as Identified in 2014/15	Action Proposed	Progress To November 2015
<p>E Contract Management</p> <p>Additional work is focused on ensuring we maximize the value from our contracts which represents over 70% of gross expenditure in BES, including changing the remit of the Commercial Services Unit to focus on the management of Highways contracts.</p> <p>Resource is being utilized to review our key contracts to identify opportunities for savings, improving contractor/client relationships and effective performance management.</p>	<p>a) Review contract arrangements across key activities in BES to identify savings, improved contract performance arrangements, and client/contractor relationships.</p> <p>b) Focus on key contracts such as the Highways Maintenance Contract (as delivered by Ringway), Highways design contract, waste and passenger transport – which are high value and/or high risk.</p>	<p>The Council's internal auditor, Veriatu, have been approached to perform a contract "health check" to review the three broad stages of contract lifecycle:</p> <ul style="list-style-type: none"> • Procurement • Mobilisation • Service operation <p>This will help inform any weaknesses within BES around approach to managing large contracts.</p>
<p>F Highways Maintenance - Capital Funding</p> <p>In future years up to £5m of the Council's DfT Highways capital funding will be dependent on meeting the requirements of "Incentive element" which are around efficiency and asset management. Authorities are</p>	<p>a) Take steps to ensure that the County Council is awarded the maximum allocation possible through the 'incentive elements' of grant funding. This will be closely monitored over the next two years and will include the development of a robust asset management plan.</p>	<p>The BES directorate have completed a self-assessment which has demonstrated H&T are on track to ensure maximum DfT funding.</p> <p>In addition to this, the LGA have conducted a peer review of the service to help inform any improvement areas.</p> <p>Both of these tasks are feeding into an action plan to improve the service and achieve the maximum possible DfT rating.</p>

STATEMENT OF ASSURANCE

AREAS FOR FURTHER DEVELOPMENT IDENTIFIED BUSINESS AND ENVIRONMENTAL SERVICES DIRECTORATE		
Areas for Development as Identified in 2014/15	Action Proposed	Progress To November 2015
<p>required to carry out a self-assessment against a set of national criteria and can be placed in either Band 1, Band 2 or Band 3 with the latter being the most efficient. The Department for Transport recognises the need for all authorities to go through their own improvement journey and therefore the requirement to achieve a certain banding to retain the full 'incentive element' increases over time.</p>		

BES Directorate

Risk Register: **Month 0 (Sept 2015) - detailed**Report Date: 5th October 2015 (pw)

Phase 1 - Identification												
Risk Number	7/24	Risk Title	7/24 - Capital Programme				Risk Owner	CD BES		Manager	AD SR (BES/CS) & Perf	
Description	Ineffective management of capital programme including BALB, LEP, LTP, LSTF, RFA, LTB, Waste Management and projects resulting in significant overspend/underspend, weak use of resources, loss of reputation and performance.					Risk Group	Financial		Risk Type	H&T 9/195		
Phase 2 - Current Assessment												
Current Control Measures			Project mgrs/sponsors for each project; regular financial & project monitoring and reporting of the programme; project planning; Gateway training carried out; Capital Projects Board in operation; sub group of Capital Projects Board in place when required, risk assessment carried out in Capital Plan reports feed into MTFs; Finance Officer support to Capital; risk register for major schemes; project board for major schemes; IDSG; appropriate actions and contingencies dependent on risks established & reported to BESMT on a regular basis; risk assessment for major schemes; additional and effective highways capital programme resource / manager to drive delivery of the programme implemented; Specific and ongoing training in financial and project management for key BES staff; PIR of major projects; Schemes portal, assurance framework for LEP in place, contract management health measurement and reporting in place; 2 year LTP works programme with realistic targets and alignment of internal and external delivery resources; assurance framework for LEP in place;						Effectiveness			
Probability	M	Objectives	M	Financial	H	Services	M	Reputation	M	Category	2	
Phase 3 - Risk Reduction Actions												
							Action Manager	Action by	Completed			
Reduction	7/175 - Ensure high quality, timely reports to Capital Projects Board and Exec members covering key service and financial risk items (ongoing)						AD SR (BES/CS) & Perf	Fri-30-Sep-16				
Reduction	7/258 - Operate 2 year LTP works programme ensuring realistic delivery targets and alignment of internal and external delivery resources.						BES AD H&T	Tue-30-Jun-15	Wed-31-Dec-14			
Reduction	7/259 - Continue to introduce efficiency measures for capital projects and programmes where relevant – focus on highways capital works programme for structural maintenance taking into account HMEP self assessment outcomes to achieve optimal use of funding (ongoing)						AD SR (BES/CS) & Perf BES AD H&T	Fri-30-Sep-16				
Reduction	7/439 - Provide advice and support on the development and delivery of investments programmes						AD SR (BES/CS) & Perf BES AD H&T	Thu-31-Mar-16				
Reduction	9/450 - Seek to integrate Oracle/Planning Tool/Symology and Project Vision						BES AD H&T BES PIO	Sun-31-Jul-16				
Reduction	11/180 - Ongoing advice and support for the LEP on financial and partnership governance						AD SR (BES/CS) & Perf	Fri-30-Sep-16				
Reduction	11/182 - Continue to assess current capabilities and put in place any requirements necessary to enable effective delivery of capital projects (ongoing)						AD SR (BES/CS) & Perf	Fri-30-Sep-16				
Reduction	11/268 - Explore the introduction of moving to single portfolio management for existing and future capital projects to ensure best practice						AD SR (BES/CS) & Perf BES AD H&T	Fri-30-Sep-16				
Phase 4 - Post Risk Reduction Assessment												

BES Directorate

Risk Register: **Month 0 (Sept 2015) - detailed**

Report Date: 5th October 2015 (pw)

Probability	L	Objectives	M	Financial	H	Services	M	Reputation	M	Category	3
Phase 5 - Fallback Plan											
										Action Manager	
Fallback Plan	7/72 - Review of all resources and procedures; media management; member engagement; intervention by Capital Projects Board										CD BES

BES Directorate

Risk Register: **Month 0 (Sept 2015) - detailed**Report Date: 5th October 2015 (pw)

Phase 1 - Identification											
Risk Number	7/189	Risk Title	7/189 - Delivery of transport schemes within the LEP's Strategic Economic Plan					Risk Owner	CD BES	Manager	BES AD H&T
Description	Failure to deliver the programme of transport schemes within the LEP's Strategic Economic Plan results in reputational damage to the County Council and impacts upon the potential to secure funding for transport schemes in future rounds of the Local Growth Fund. There is a direct role for H&T to deliver the schemes promoted by the County Council and support the LEP in the Transport role, but also a supporting role to assist third party scheme promoters specifically the district councils.						Risk Group	Performance	Risk Type	Dir Only	
Phase 2 - Current Assessment											
Current Control Measures			Programme in place for delivery of County Council promoted schemes; support being provided to the third party scheme promoters; risk analysis for each scheme undertaken; effective engagement with LEP; Senior Transport Planning Officer (Transport projects) now in post to support the LEP and NYCC in delivery of SEP funded schemes;					Effectiveness			
Probability	M	Objectives	M	Financial	H	Services	L	Reputation	H	Category	2
Phase 3 - Risk Reduction Actions											
							Action Manager	Action by	Completed		
Reduction	7/318 - Continue to engage with the LEP and support them to manage risks associated with specific scheme programmes						CD BES	Fri-30-Sep-16			
Reduction	7/436 - Continue to ensure sufficient resource in H&T to effectively promote County Council schemes						BES AD H&T	Fri-30-Sep-16			
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	M	Financial	H	Services	L	Reputation	H	Category	3
Phase 5 - Fallback Plan											
									Action Manager		
Fallback Plan	7/537 - LEP to consider re-profiling Local Growth Fund programme									CD BES	

BES Directorate

Risk Register: **Month 0 (Sept 2015) - detailed**Report Date: 5th October 2015 (pw)

Phase 1 - Identification											
Risk Number	7/7	Risk Title	7/7 - Statutory Duties				Risk Owner	CD BES	Manager	CD BES	
Description	Failure to carry out statutory duties or meet statutory deadlines (e.g. Health and Safety, safe guarding, information governance, prevention of waste pollution, planning responsibilities, statutory property related issues, driver/vehicle guidance) resulting in Corporate Manslaughter, increased cost/claims, fines/prosecution and criticism.					Risk Group	Performance	Risk Type	Dir Only		
Phase 2 - Current Assessment											
Current Control Measures			Service plans; service unit risk registers; allocation of responsibility training for key staff; prof. bodies incl. HSE; CPD; CDM; RMWGs; routine inspecs; contractor selection proc; NYCC legal and safety advisers; annual contractor training; Designated Directorate H&S Manager and support; regular item on BESMT; SMTs; Partnership and contract managers group; Directorate H&S working group; risk assessment; incident feedback; previous risk assessment on most sites; landfill gas perimeter controls; annual review of all sites (monitoring results); regular monitoring; use of consultants; agency staff; documented proc; record of dec. actions; audit and review of proc/compliance, inspecs, actions and training; corporate policies, procedures and champions; services to employ sufficient numbers of professionally trained/qualified officers; prioritisation matrix for resources in place in Trad Stds;					Effectiveness			
Probability	M	Objectives	M	Financial	M	Services	M	Reputation	H	Category	2
Phase 3 - Risk Reduction Actions											
						Action Manager	Action by	Completed			
Reduction	7/458 - Ensure that the current H&S procedures are audited to ensure compliance (ongoing)					CD BES	Fri-30-Sep-16				
Reduction	7/459 - Review the H&S arrangements of Contractors and Partner organisations (ongoing)					BES AD H&T	Fri-30-Sep-16				
Reduction	7/461 - To monitor all service plans and risk registers and ensure they are checked on a regular basis (ongoing)					BES MT	Fri-30-Sep-16				
Reduction	7/462 - Review incidents and claims statistics including large losses and develop action plans (ongoing)					BES MT	Fri-30-Sep-16				
Reduction	7/480 - Review the Prioritisation matrix for Trading Standards resources					BES AD TS&P	Fri-1-Apr-16				
Reduction	7/483 - Source and deliver relevant contracts to TS work to mitigate against budget cuts and maintain service resilience					BES AD TS&P	Thu-31-Mar-16				
Reduction	7/500 - Complete training relating to new CDM Regulations for construction work					BES AD H&T	Thu-31-Dec-15				
Reduction	14/788 - Develop incident plan for incidents relating to former landfill sites					BES W&CS D&O Tm Ldr	Tue-31-Mar-15	Tue-31-Mar-15			
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	M	Financial	M	Services	M	Reputation	H	Category	3

BES Directorate

Risk Register: **Month 0 (Sept 2015) - detailed**

Report Date: 5th October 2015 (pw)

Phase 5 - Fallback Plan		
		Action Manager
Fallback Plan	7/78 - Implement appropriate management and contingency plans; review priorities and reprioritise service delivery; media management	CD BES

BES Directorate

Risk Register: **Month 0 (Sept 2015) - detailed**Report Date: 5th October 2015 (pw)

Phase 1 - Identification											
Risk Number	7/22	Risk Title	7/22 - LEP Strategy & Growth Deal					Risk Owner	CD BES	Manager	BES AD EPU
Description	Failure to implement LEP Strategy and Growth Deal by 2020 resulting in significant financial clawback, reputational damage and failure to attract future investment.						Risk Group	Strategic	Risk Type	EPU 176/212	
Phase 2 - Current Assessment											
Current Control Measures			LEP strategy in place; Growth Deal implementation plan; local partners (mainly Councils); legal and financial supporting due diligence assurance and evaluation frame work in place;						Effectiveness		
Probability	M	Objectives	H	Financial	H	Services	M	Reputation	H	Category	2
Phase 3 - Risk Reduction Actions											
							Action Manager	Action by	Completed		
Reduction	176/288 - Continue to delivery of annual business plan						BES AD EPU	Wed-31-Mar-21			
Reduction	176/289 - On going engagement of Partnership with LAs						BES AD EPU	Wed-31-Mar-21			
Reduction	176/290 - Negotiate with Government for further funding and powers (ongoing)						BES AD EPU	Wed-31-Mar-21			
Reduction	176/301 - Review Secretariat to ensure fit for purpose						BES AD EPU	Thu-31-Mar-16			
Reduction	176/470 - Ensure first year profile achieved						BES AD EPU	Thu-31-Mar-16			
Phase 4 - Post Risk Reduction Assessment											
Probability	M	Objectives	M	Financial	M	Services	M	Reputation	M	Category	4
Phase 5 - Fallback Plan											
Fallback Plan									Action Manager		

BES Directorate

Risk Register: **Month 0 (Sept 2015) - detailed**Report Date: 5th October 2015 (pw)

Phase 1 - Identification											
Risk Number	7/174	Risk Title	7/174 - Opportunities for Devolution in North Yorkshire and Consideration of a Combined Authority				Risk Owner	CD BES		Manager	CD BES
Description	Failure to take advantage of Devolution opportunities in North Yorkshire resulting in reduced investment and impact on the growth and jobs across North Yorkshire.					Risk Group	Strategic		Risk Type	EPU 176/211	
Phase 2 - Current Assessment											
Current Control Measures		Devolution proposals submitted to Govt., LEP strategic economic plan in place; NYCC retains the Infrastructure Delivery Steering Group; NYCC wide co-ordination of development needs linked to District plans; local authorities are moving towards a joint committee & considering a combined authority; LA Director group in place;						Effectiveness			
Probability	M	Objectives	H	Financial	H	Services	M	Reputation	H	Category	2
Phase 3 - Risk Reduction Actions											
						Action Manager	Action by	Completed			
Reduction	176/280 - Gain political support both locally and nationally (ongoing)					Chief Exec		Thu-31-Mar-16			
Reduction	176/285 - Develop a plan detailing what powers and funding we would like devolved and the added value that we can deliver					CD BES		Wed-30-Sep-15	Sat-5-Sep-15		
Reduction	176/286 - Directors of Development Group to support the Devolution deal					CD BES		Wed-25-Nov-15			
Reduction	176/320 - Identify the economic barriers and opportunities which Devolution can take advantage of UPDATE					CD BES		Wed-25-Nov-15			
Reduction	176/460 - Establish the geography on which to secure Devolution					Chief Exec		Wed-25-Nov-15			
Reduction	176/469 - Develop detailed business cases for all requirements					Chief Exec		Wed-25-Nov-15			
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	L	Financial	M	Services	L	Reputation	M	Category	5
Phase 5 - Fallback Plan											
								Action Manager			
Fallback Plan	176/544 - Consider a North Yorkshire deal							CD BES			

BES Directorate

Risk Register: **Month 0 (Sept 2015) - detailed**Report Date: 5th October 2015 (pw)

Phase 1 - Identification													
Risk Number	7/175	Risk Title	7/175 - 2020 North Yorkshire Programme within BES				Risk Owner	CD BES		Manager	BES MT		
Description	Failure to effectively deliver the BES 2020 Programme including the required cultural change resulting in adverse impact on service delivery, inability to fully meet current and future financial requirements, internal and external criticism.					Risk Group	Change Mgt		Risk Type				
Phase 2 - Current Assessment													
Current Control Measures		CD BES Staff Updates; reps on 2020NY workstreams; key messages; cascade of 2020NY vision and approach; monitoring of impacts on performance; monitoring of impacts on savings target; 2020 North Yorkshire plans submitted; Savings programme developed; political agreement and acknowledgement of risks; Performance Management framework development; BES Transformation Steering Group; Performance Management Review in BES; BES MT engagement on budget and 2020NY approach; Transformation and VFM; 4 year programme; ICT Strategy;							Effectiveness				
Probability	L	Objectives	H	Financial		M	Services		H	Reputation	L	Category	3
Phase 3 - Risk Reduction Actions													
							Action Manager	Action by	Completed				
Reduction	7/93 - Continue communication/engagement arrangements with staff on 2020 North Yorkshire programme (ongoing)						BES MT	Fri-30-Sep-16					
Reduction	7/260 - Continue to monitor impacts of BES 2020 Programme (ongoing)						BES MT	Fri-30-Sep-16					
Reduction	7/265 - Promote and embed cultural change through key messages, KITs, manager and non-manager objectives, regular reporting on progress of change projects and impacts of daily operations on delivery of aims (ongoing)						BES MT	Fri-30-Sep-16					
Reduction	7/426 - Carry out staff survey and review results						AD SR (BES/CS) & Perf	Thu-31-Dec-15					
Reduction	7/450 - Continue to deliver savings plan as agreed in MTFS / Budget (review each year)						AD SR (BES/CS) & Perf	Thu-31-Mar-16					
Reduction	7/451 - Ensure appropriate allocation of resources						AD SR (BES/CS) & Perf	Thu-31-Dec-15					
Reduction	7/1502 - Support the new ways of working (Modern Council) project as a catalyst for change						BES MT	Sat-30-Apr-16					
Reduction	7/1503 - Develop an approach to portfolio management with BES to position programme as transformational rather than savings focussed						BES MT	Thu-31-Dec-15					
Phase 4 - Post Risk Reduction Assessment													
Probability	L	Objectives	H	Financial		M	Services		H	Reputation	L	Category	3

BES Directorate

Risk Register: **Month 0 (Sept 2015) - detailed**

Report Date: 5th October 2015 (pw)

Phase 5 - Fallback Plan		Action Manager
Fallback Plan	7/539 - Review approach to 2020 NY Change Programme and cultural change management within BES	CD BES

BES Directorate

Risk Register: **Month 0 (Sept 2015) - detailed**Report Date: 5th October 2015 (pw)

Phase 1 - Identification											
Risk Number	7/23	Risk Title	7/23 - Major Incident and Business Continuity				Risk Owner	CD BES	Manager	CD BES	
Description	Failure to plan and respond effectively to a major incident without major impact upon routine service performance or longer term impact on service delivery. Such incidents may include animal health disease, flooding and other severe weather, Service breakdown including critical resources (eg property, people and ICT) resulting in the need to deliver additional service in order to ensure effective enforcement/containment and minimal disruption to critical services.					Risk Group	Performance	Risk Type			
Phase 2 - Current Assessment											
Current Control Measures			Leadership of BES Management Team and appropriate lead manager; work with other appropriate partners; appropriate major incident and emergency plans; inspection monitoring programmes; systems resilience & back up arrangements in place; business impact analyses and incident management plans are in place; disaster recovery plan; NYCC silver command exercises carried out; implementation of solutions based upon lessons learned from previous major incidents; BES RMG; biannual multi-agency training events;					Effectiveness			
Probability	L	Objectives	M	Financial	H	Services	H	Reputation	M	Category	3
Phase 3 - Risk Reduction Actions											
							Action Manager	Action by	Completed		
Reduction	7/98 - Review, standardisation and update of business impact analyses and incident management						AD SR (BES/CS) & Perf	Thu-31-Dec-15			
Reduction	7/374 - Ensure that resources are flexible enough to manage unexpected major and business continuity incidents						BES MT	Wed-31-Aug-16			
Reduction	7/444 - Continually review procedures plans and training in relation to major incidents						BES MT	Wed-31-Aug-16			
Reduction	7/446 - Annual live or desk top exercises to test plans (ongoing)						BES MT	Wed-31-Aug-16			
Reduction	7/447 - Finalise command structure / information flow for business continuity incidents						BES MT	Thu-31-Dec-15			
Reduction	7/448 - Carry out silver command exercise including BES representatives						BES MT	Sat-31-Oct-15			
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	M	Financial	H	Services	H	Reputation	M	Category	3
Phase 5 - Fallback Plan											
								Action Manager			
Fallback Plan	7/75 - Review the plans, media management, advise Members								CD BES		

BES Directorate

Risk Register: **Month 0 (Sept 2015) - detailed**Report Date: 5th October 2015 (pw)

Phase 1 - Identification											
Risk Number	7/173	Risk Title	7/173 - Minerals and Waste Development Framework					Risk Owner	CD BES	Manager	BES AD TS&P
Description	Failure to develop a Minerals and Waste Development Framework by end of March 2017 as the basis for development control decision-making resulting in risk of legal challenge through judicial review, appeals with resulting financial and workload implications, adverse implications for the local economy, risk of National Government passing on European fines						Risk Group	Performance	Risk Type	TS&P 13/31	
Phase 2 - Current Assessment											
Current Control Measures			Performance monitoring; awareness of new developments; resource monitoring; briefing of BESMT; delivery of inhouse sustainability appraisal work; memorandum of understanding to govern principles of joint working; Exec approval to move date					Effectiveness			
Probability	L	Objectives	H	Financial	M	Services	M	Reputation	H	Category	3
Phase 3 - Risk Reduction Actions											
							Action Manager	Action by	Completed		
Reduction	7/267 - Work closely with City of York Council and the North Yorks Moors National Park Authority on joint Minerals and Waste Development Strategy						BES AD TS&P	Fri-31-Mar-17			
Reduction	13/54 - Continue to review progress against LDF milestones, review and update milestones as necessary, particularly in light of Duty to Co-operate						BES AD TS&P	Fri-31-Mar-17			
Reduction	13/519 - Continue to keep budget priorities under review						BES AD TS&P	Fri-31-Mar-17			
Reduction	13/523 - Continue to monitor new developments eg fracking, using planning officers society and peer groups in particular the Duty to Co-operate						BES AD TS&P	Fri-31-Mar-17			
Reduction	13/753 - Launch preferred options consultation						BES AD TS&P	Sat-31-Oct-15			
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	H	Financial	M	Services	M	Reputation	M	Category	3
Phase 5 - Fallback Plan											
									Action Manager		
Fallback Plan											

BES Directorate

Risk Register: **Month 0 (Sept 2015) - detailed**Report Date: 5th October 2015 (pw)

Phase 1 - Identification											
Risk Number	7/18	Risk Title	7/18 - Long Term Waste Service Strategy				Risk Owner	CD BES	Manager	CD BES	
Description	Failure to deliver the long term waste service strategy including: overseeing and managing AmeyCespa in their delivery of AWRP, resulting in programme slippage, delays to Service Commencement Date, increased costs potential from involvement in claims, additional procurement costs, reputational damage, potential failure of Project Agreement, impact on partnering arrangements with CoYC, impact on Harrogate BC collection systems, and development of the waste transfer station infrastructure required for effective service delivery results in reduced efficiency, impact on collections and increased costs, criticism from districts and media					Risk Group	Performance	Risk Type	W&CS 14/168		
Phase 2 - Current Assessment											
Current Control Measures	AWRP: Signed Project Agreement; property secured; planning permission in place; robust governance through SPV; integrated document management system in use (4projects); Infrastructure Development Manager in post and carrying out weekly site visits/meetings; Independent Tester joint appointment between AmeyCespa NYCC and the funders; access to external advisors; Contract Management Manual/Register of Obligations; suite of monitoring documents in place; Project Board in place; monthly project team meetings; Amey Cespa control of Sub-Contractors; S106 and S278 delivery arrangements in place; Interim framework contract procured; Teckal compliant company; network of Amey Cespa clients; Waste Transfer: Five of seven built (but not controlled); planning application gained for one and being prepared for one other; site secured for two; internal environmental advice obtained; agreed approach with districts; existing contracts in place; Yorwaste cooperating; extensive modelling; new procurements beginning in 13/14 for successor contracts; project board and team including CoYC; agreement for Teckal						Effectiveness				
Probability	L	Objectives	L	Financial	H	Services	L	Reputation	H	Category	3
Phase 3 - Risk Reduction Actions											
Reduction	7/373 - Seek to formalise joint contract management arrangements with CoY Council including development of devolved plans					Action Manager	BES AD W&CS	Action by	Sun-31-Dec-17	Completed	
Reduction	7/375 - AWRP – Monitor the AWRP project risk register					Action Manager	BES AD W&CS	Action by	Sat-31-Mar-18	Completed	
Reduction	7/376 - AWRP – Work with the independent tester to enable Certification of the readiness (July 2017) and takeover (Jan 2018)					Action Manager	BES AD W&CS	Action by	Wed-31-Jan-18	Completed	
Reduction	14/214 - WT – Develop implementation plan					Action Manager	BES AD W&CS	Action by	Sun-31-Jul-16	Completed	
Reduction	14/221 - WT – Explore opportunities for sharing with districts					Action Manager	BES AD W&CS	Action by	Sun-31-Jul-16	Completed	
Reduction	14/222 - WT – Secure planning consent for Ryedale and Selby; Ryedale done, Selby on hold re site search					Action Manager	BES AD W&CS	Action by	Sun-31-Jul-16	Completed	
Reduction	14/448 - AWRP - Completion of Certification Matrices to ensure the contractor has delivered their obligations where they go beyond the requirements of the independent tester					Action Manager	BES AD W&CS	Action by	Thu-31-Mar-16	Completed	

BES Directorate

Risk Register: **Month 0 (Sept 2015) - detailed**Report Date: 5th October 2015 (pw)

Reduction	14/482 - AWRP - Regular review of key dates schedules / programme & register of obligations	BES AD W&CS	Thu-31-Mar-16								
Reduction	14/483 - AWRP - Develop contingency plan for procurement of alternatives	BES W&CS WSM	Sun-31-Jul-16								
Reduction	14/484 - AWRP - Continually monitor delivery of planning requirements and conditions, including S106 and S278 agreements	BES W&CS WCM	Thu-31-Mar-16								
Reduction	14/793 - AWRP - Monitor the Amey Cespa PPP project risk register	BES W&CS WSM	Sat-31-Mar-18								
Reduction	14/795 - WT – Procure construction of Kirby Misperton	BES AD W&CS	Thu-31-Mar-16								
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	L	Financial	H	Services	L	Reputation	H	Category	3
Phase 5 - Fallback Plan											
										Action Manager	
Fallback Plan	7/73 - Rely short term on recently procured arrangements, review strategy, media management										CD BES

BES Directorate

Risk Register: **Month 0 (Sept 2015) - summary**Report Date: 5th October 2015 (pw)

Identity			Person		Classification												Fallback Plan			
Change	Risk Title	Risk Description	Risk Owner	Risk Manager	Pre					RR		Post					FBPlan	Action Manager		
					Prob	Obj	Fin	Serv	Rep	Cat	RRs	Next Action	Prob	Obj	Fin	Serv			Rep	Cat
◀▶	7/24 - Capital Programme	Ineffective management of capital programme including BALB, LEP, LTP, LSTF, RFA, LTB, Waste Management and projects resulting in significant overspend/underspend, weak use of resources, loss of reputation and performance.	CD BES	AD SR (BES/CS) & Perf	M	M	H	M	M	2	8	30/06/2015	L	M	H	M	M	3	Y	CD BES
◀▶	7/189 - Delivery of transport schemes within the LEP's Strategic Economic Plan	Failure to deliver the programme of transport schemes within the LEP's Strategic Economic Plan results in reputational damage to the County Council and impacts upon the potential to secure funding for transport schemes in future rounds of the Local Growth Fund. There is a direct role for H&T to deliver the schemes promoted by the County Council and support the LEP in the Transport role, but also a supporting role to assist third party scheme promoters specifically the district councils.	CD BES	BES AD H&T	M	M	H	L	H	2	2	31/07/2016	L	M	H	L	H	3	Y	CD BES
◀▶	7/7 - Statutory Duties	Failure to carry out statutory duties or meet statutory deadlines (e.g. Health and Safety, safe guarding, information governance, prevention of waste pollution, planning responsibilities, statutory property related issues, driver/vehicle guidance) resulting in Corporate Manslaughter, increased cost/claims, fines/prosecution and criticism.	CD BES	CD BES	M	M	M	M	H	2	8	1/04/2016	L	M	M	M	H	3	Y	CD BES
- new -	7/22 - LEP Strategy & Growth Deal	Failure to implement LEP Strategy and Growth Deal by 2020 resulting in significant financial clawback, reputational damage and failure to attract future investment.	CD BES	BES AD EPU	M	H	H	M	H	2	5	31/03/2016	M	M	M	M	M	4	N	
- new -	7/174 - Opportunities for Devolution in North Yorkshire and Consideration of a Combined Authority	Failure to take advantage of Devolution opportunities in North Yorkshire resulting in reduced investment and impact on the growth and jobs across North Yorkshire.	CD BES	CD BES	M	H	H	M	H	2	6	30/09/2015	L	L	M	L	M	5	Y	CD BES




BES Directorate

Risk Register: **Month 0 (Sept 2015) - summary**
 Report Date: 5th October 2015 (pw)

Identity			Person		Classification											Fallback Plan				
Change	Risk Title	Risk Description	Risk Owner	Risk Manager	Pre					RR		Post					FBPlan	Action Manager		
					Prob	Obj	Fin	Serv	Rep	Cat	RRs	Next Action	Prob	Obj	Fin	Serv			Rep	Cat
◀▶	7/175 - 2020 North Yorkshire Programme within BES	Failure to effectively deliver the BES 2020 Programme including the required cultural change resulting in adverse impact on service delivery, inability to fully meet current and future financial requirements, internal and external criticism.	CD BES	BES MT	L	H	M	H	L	3	8	31/12/2015	L	H	M	H	L	3	Y	CD BES
◀▶	7/23 - Major Incident and Business Continuity	Failure to plan and respond effectively to a major incident without major impact upon routine service performance or longer term impact on service delivery. Such incidents may include animal health disease, flooding and other severe weather, Service breakdown including critical resources (eg property, people and ICT) resulting in the need to deliver additional service in order to ensure effective enforcement/containment and minimal disruption to critical services.	CD BES	CD BES	L	M	H	H	M	3	6	31/10/2015	L	M	H	H	M	3	Y	CD BES
▼	7/173 - Minerals and Waste Development Framework	Failure to develop a Minerals and Waste Development Framework by end of March 2017 as the basis for development control decision-making resulting in risk of legal challenge through judicial review, appeals with resulting financial and workload implications, adverse implications for the local economy, risk of National Government passing on European fines	CD BES	BES AD TS&P	L	H	M	M	H	3	5	31/10/2015	L	H	M	M	M	3	N	
◀▶	7/18 - Long Term Waste Service Strategy	Failure to deliver the long term waste service strategy including: overseeing and managing AmeyCespa in their delivery of AWRP, resulting in programme slippage, delays to Service Commencement Date, increased costs potential from involvement in claims, additional procurement costs, reputational damage, potential failure of Project Agreement, impact on partnering arrangements with CoYC, impact on Harrogate BC collection systems, and development of the waste transfer station infrastructure required for effective service delivery results in reduced efficiency, impact on collections and increased costs, criticism from districts and media	CD BES	CD BES	L	L	H	L	H	3	12	31/03/2016	L	L	H	L	H	3	Y	CD BES

BES Directorate

Risk Register: **Month 0 (Sept 2015) - summary**Report Date: 5th October 2015 (pw)

Key	
	Risk Ranking has worsened since last review.
	Risk Ranking has improved since last review
	Risk Ranking is same as last review
- new -	New or significantly altered risk

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

3 DECEMBER 2015

PROGRESS ON 2015/16 INTERNAL AUDIT PLAN

Report of the Head of Internal Audit

1.0 PURPOSE OF THE REPORT

- 1.1 To inform Members of the progress made to date in delivering the 2015/16 Internal Audit Plan and any developments likely to impact on the Plan throughout the remainder of the financial year.

2.0 BACKGROUND

- 2.1 Members approved the 2015/16 Audit Plan on the 25 June 2015. The total number of planned audit days for 2015/16 is 1,308 (plus 1,010 days for other work including counter fraud and information governance). The performance target for Veritau is to deliver 93% of the agreed Audit Plan.
- 2.2 This report provides details of how work on the 2015/16 Audit Plan is progressing.

3.0 INTERNAL AUDIT PLAN PROGRESS BY 31 OCTOBER 2015

- 3.1 The internal audit performance targets for 2015/16 were set by the County Council's client officer. Progress against these performance targets, as at 31 October 2015, is detailed in **Appendix 1**.
- 3.2 Work is ongoing to complete the agreed programme of work. It is anticipated that the 93% target for the year will be exceeded by the end of April 2016 (the cut off point for 2015/16 audits). **Appendix 2** provides details of the final reports issued in the period. A further 5 audit reports have been issued but are still in draft.

Contingency and Counter Fraud Work

- 3.3 Veritau continues to handle cases of suspected fraud or malpractice. Such assignments are carried out in response to issues raised by staff or members of the public via the Whistleblower Hotline, or as a result of management raising concerns. Since the start of the current financial year, 29 cases of suspected fraud or malpractice have been referred to Veritau for investigation. 14 of these were internal fraud cases, 8 social care and 6 external fraud. A further case related to an application for a school place. A number of these investigations are still ongoing. Work is also progressing with the North Yorkshire and York counter fraud initiative which has been grant funded by the Department for Communities and Local Government (DCLG). The project involves proactive data matching designed to identify and prevent fraud losses within high risks areas such as social care, council

tax, NNDR and procurement. To date the project has helped to recover fraud totalling £49.7k.

Information Governance

- 3.4 Veritau's Information Governance Team (IGT) continues to handle a significant number of information requests submitted under the Freedom of Information and Data Protection Acts. The number of FOI requests received between 1 April 2015 and 31 October 2015 is 713 compared with 797 requests received during the corresponding period in 2014/15. The IGT is currently exceeding the performance response target of 95% for 2015/16 with 97.3% of requests so far being answered within the statutory 20 day deadline. The IGT also coordinates the County Council's subject access requests (excluding social care) and has received 28 such requests between 1 April 2015 and 31 October 2015 compared to 32 in the same period in 2014.
- 3.5 Veritau is continuing to assist with the implementation of the County Council's information governance framework. As part of this, Veritau auditors continue to undertake a programme of unannounced audit visits to County Council premises in order to assess staff awareness of the need to secure personal and sensitive information.

Variations to the 2015/16 Audit Plan

- 3.6 All proposed variations to the agreed Audit Plan arising as the result of emerging issues and/or requests from directorates are subject to a Change Control process. Where the variation exceeds 5 days then the change must be authorised by the client officer. Any significant variations will then be communicated to the Audit Committee for information. The following variations have been authorised in the current year. The variations follow discussions with management and reflect changes in current priorities:

HAS amenity funds	+20 days
Defer HAS extra care housing to 2016/17	-10 days
Developing Stronger Families	+20 days
Reduce school themed audits (60 days remaining)	-20 days
IT access controls (non-NYCC employees)	+5 days
Contingency (25 days remaining)	-15 days

Net change to plan **nil**

Follow Up of Agreed Actions

- 3.7 Veritau follow up all agreed actions on a regular basis, taking account of the timescales previously agreed with management for implementation. A new escalation procedure has been introduced to formalise the reporting process in the event that agreed actions are not implemented or management fail to provide adequate information to enable an assessment to be made. At this stage in the year, there are no actions which have needed to be escalated. On the basis of the follow up work undertaken during the year to date, the Head of Internal Audit is therefore satisfied with the progress that has been made by management to

implement previously agreed actions necessary to address identified control weaknesses.

4.0 **RECOMMENDATION**

4.1 Members are asked to note the progress made in delivering the 2015/16 Internal Audit programme of work and the variations agreed by the client officer.

Report prepared and presented by Max Thomas, Head of Internal Audit

Max Thomas
Head of Internal Audit
Veritau Limited
County Hall
Northallerton

16 November 2015

Background Documents: Relevant audit reports kept by Veritau at 50 South Parade, Northallerton.

PROGRESS AGAINST 2015/16 PERFORMANCE TARGETS (AS AT 31/10/2015)

Indicator	Milestone	Position at 31/10/2015
To deliver 93% of the agreed Internal Audit Plan.	93% by 30/4/16	29.32%
To achieve a positive customer satisfaction rating of 95%	95% by 31/3/16	100.00%
To ensure 95% of Priority 1 recommendations made are agreed.	95% by 31/3/16	100.00%
To ensure 95% of FOI requests are answered within the Statutory deadline of 20 working days.	95% by 31/3/16	97.34%

FINAL 2015/16 AUDIT REPORTS ISSUED TO DATE

Audit Area	Directorate	Overall Opinion
Information security incidents x 2	Corporate	N/A
Information security compliance (North Block)	Corporate	Reasonable assurance
Information security compliance (South Block)	Corporate	Limited assurance
Information security compliance (Belle Vue Square, Skipton)	Corporate	High assurance
Information security compliance (Manor Road, knaresborough)	Corporate	Limited assurance
Care home visit (Anley Hall, Settle)	HAS	Substantial assurance
Care home visit (Eden House, Filey)	HAS	Substantial assurance
Care home visit (Newhaven, Boroughbridge)	HAS	Substantial assurance
Care home visit (Pennyghael, Selby)	HAS	Substantial assurance
Care home visit (Dunollie, Scarborough)	HAS	Substantial assurance
Care home visit (Ellershaw House, Grewelthorpe)	HAS	High assurance
Symology - general IT controls	ICT	Substantial assurance
IT programme management (follow up)	ICT	High assurance
IT in-house system development	ICT	Substantial assurance

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

3 December 2015

RISK MANAGEMENT – PROGRESS REPORT

Report of the Corporate Director – Strategic Resources

1.0 PURPOSE OF THE REPORT

- 1.1 To receive details of the updated Corporate Risk Register.
- 1.2 To note progress on other Risk Management related matters including insurance arrangements

2.0 BACKGROUND

- 2.1 According to the Terms of Reference of the Audit Committee, its role in risk management is:
 - (i) to assess the effectiveness of the authority's risk management arrangements and
 - (ii) to review progress on the implementation of risk management throughout the authority.
- 2.2 Following a recommendation by this Committee, the Leader of the County Council and the Executive Member for Central Services formally approved a revised Corporate Risk Management Policy on 3 March 2015 with a provision that it will be reviewed and updated every three years.
- 2.3 Regular reports to this Committee therefore cover the implementation of the Policy and associated Strategy as well as other related risk management matters in order to fulfill this role.

3.0 CORPORATE RISK REGISTER

- 3.1 The Corporate Risk Register (CRR) is fully reviewed every year and updated by the Chief Executive and Management Board in September/October. A six monthly review is then carried out in March/April.
- 3.2 An annual update of the Corporate Risk Register was carried out in November – see attached at **Appendix A**. This involved reviewing the risks, risk controls, risk reductions and risk rankings that had been identified for each of the risks and making amendments to the Register where necessary. The Council Plan, Statements of Assurance and Annual Governance Statement are taken into account when carrying out this review.

3.3 The register has not been completely finalised as the Partnership and Integration with NHS risk is still under final review with the Corporate Director Health and Adult Services. He is also doing a final review of the Care Market risk.

3.4 The significant amendments that were made to the register are as follows:

New risks

- Major Failure due to Quality and/or Economic Issues in the Care Market – still under final review with the Corporate Director Health and Adult Services but has been added in light of recent developments in the care market and the proposed changes in the national living wage.

Deleted risks

- Implementation of the Care Act – Phase 1 has now been implemented and Phase 2 relating to the capping of care costs has been delayed until 2020.
- Long term Waste Service strategy – this remains on the Business and Environmental Services Directorate risk register.

Significantly Changed Risks

- Partnership and Integration with the NHS – this risk has evolved from Joint Planning and Delivery with the NHS and primarily concentrates on the HAS element.
- Opportunities for Devolution across the whole of North Yorkshire and Consideration of a Combined Authority – this risk is constantly evolving.

The ranking of all the remaining risks remained the same apart from Information Governance and Performance Management which have decreased (as shown on the summary in the left hand column of **Appendix A**).

3.5 To assist Members interpret **Appendix A**

- Risks are identified by Management Board during a prep meeting and workshop
- Each risk has then to be ranked based on the following:
 - existing risk controls in place
 - probability of the risk occurring (based on existing controls)
 - impact of the risk occurring (based on existing controls)
 - further risk controls which may reduce current probability or impact
- The prioritisation system follows a fairly traditional risk evaluation approach in that the **probability** and **severity** of risks is measured using High, Medium and Low categories

- However, to facilitate the assessment of the severity of each risk this is done in relation to 4 distinct **impact areas**:-
 - failure to meet key **service** objectives and standards – reflecting current service plans
 - **financial** impact
 - **service** delivery
 - loss of image or **reputation**

As each risk is ranked with reference to current controls and then future controls, the risk prioritisation system can compute a “score” in the range of 1 to 5

- 1 and 2 being a ‘red’ risk
- 3 and 4 being an ‘amber’ risk and
- 5 being a ‘green’ risk

One of the key things to look for in the Register is the movement of the score (described as Classification in **Appendix A**) as between the ‘Pre’ (i.e. present stage) and ‘Post’ (i.e. after risk mitigations are in place). For certain risks, however, this does not change as the risk mitigations cannot prevent the event (e.g. severe flood) but can address/reduce its impact. Also, if a risk has been carried over from a previous year it is interesting to note whether the risk has improved/worsened since that time.

4.0 LINKS BETWEEN CORPORATE AND DIRECTORATE RISK REGISTERS

4.1 As previously mentioned, the Corporate Risk Register is the culmination of the identification of key significant risks that are identified at Directorate and Service levels. For information and out of interest, an exercise is carried out to identify the links between Directorate Risk Registers and the Corporate Risk Register. Please find attached a diagram showing these links at **Appendix B**.

5.0 INSURANCE RENEWALS

5.1 The main County Council’s insurance renewals are completed on 1st October each year. The main points to note from this year’s renewals are as follows:

- The Liability premium which includes Employer’s Liability and Public Liability stayed the same. This is because the ‘risk’ in the eyes of the insurers has remained the same.
- The Motor premium reduced by 15% because the number of vehicles being insured is reduced.
- The Material Damage (Property) premium has remained the same as a result of premium rates remaining the same and although reinstatement costs have increased, the number of properties has reduced, partly because of schools converting to academies.

- 5.2 For information, the Council is presently carrying out a procurement exercise for Insurance and Risk Management Consultants and next year, will carry out a procurement exercise for all the insurances. As advised in the recent budget, the insurance premium tax will be increasing by 3.5% on basis points from 6% to 9.5%.

6.0 **RECOMMENDATIONS**

That the Committee:

- (ii) notes the updated Corporate Risk Register (**Appendix A**).
- (iii) notes the links between the Corporate Risk Register and the Directorate Risk Registers (**Appendix B**).
- (iv) notes the position on other Risk Management related matters

GARY FIELDING
Corporate Director – Strategic Resources

County Hall
Northallerton

December 2015

Author of report: Fiona Sowerby, Corporate Risk and Insurance Manager
Tel 01609 532400

Background papers: None

Corporate Risk Register

Appendix A

Risk Register: month 0 (Nov 2015) – summary and detailed final draft for AC

Report Date: 18th November 2015 (fs)

Identity			Person		Classification												Fallback Plan			
Change	Risk Title	Risk Description	Risk Owner	Risk Manager	Pre						RR		Post						FBPlan	Action Manager
					Prob	Obj	Fin	Serv	Rep	Cat	RRs	Next Action	Prob	Obj	Fin	Serv	Rep	Cat		
◀▶	20/1 - Funding Challenges	Inadequate funding available to the County Council to discharge its statutory responsibilities and to meet public expectation for the remainder of the decade resulting in legal challenge, unbalanced budget and public dissatisfaction	Chief Exec	CD SR	H	H	H	H	H	1	6	29/02/2016	M	H	H	M	M	2	Y	All Mgt Board
◀▶	20/47 - Partnership and Integration with the NHS - Further amendments under discussion with Richard Webb	Failure to develop and implement new models of care that will provide better outcomes for patients and local communities. This failure will have a negative impact on the development of integrated services, delay the transformation of HAS services, give rise to increased costs to HAS and cause the loss of opportunities that joint provision may have.	Chief Exec	CD HAS	H	M	H	M	M	1	16	31/05/2015	H	M	M	M	M	2	Y	CD HAS
- new -	20/194 - Major Failure due to Quality and/or Economic Issues in the Care Market - New risk – under discussion with Richard Webb	Major failure of provider/key providers results in the Directorate being unable to meet service user needs. This could be caused by economic performance or resource capabilities. The impact could include loss of trust in the Care Market, increased budgetary implications and issues of service user safety.	CD HAS	HAS AD Q&E	H	M	M	M	H	1	8	31/12/2015	H	M	M	M	M	2	Y	HAS AD Q&E
▼	20/187 - Information Governance	Ineffective information governance arrangements lead to unauthorised disclosure of personal and sensitive data, poor quality or delayed responses to FoI requests, and inability to locate key data upon which the Council relies resulting in loss of reputation, poor decision making, fine, etc	Chief Exec	CD SR	H	M	M	M	H	1	5	31/03/2016	M	L	M	L	M	4	Y	CD SR
◀▶	20/207 - 2020 North Yorkshire Change Programme	Failure to successfully implement the Programme and Modern Council ways of working resulting in inability to meet financial savings requirements, sub-optimal decision making and poorer quality of services.	Chief Exec	CSD SR AD T&C	M	H	H	H	H	2	16	31/10/2015	L	H	H	H	H	3	Y	All Mgt Board



Corporate Risk Register

Appendix A

Risk Register: month 0 (Nov 2015) – summary and detailed final draft for AC

Report Date: 18th November 2015 (fs)

Identity			Person		Classification												Fallback Plan			
Change	Risk Title	Risk Description	Risk Owner	Risk Manager	Pre						RR		Post						FBPlan	Action Manager
					Prob	Obj	Fin	Serv	Rep	Cat	RRs	Next Action	Prob	Obj	Fin	Serv	Rep	Cat		
◀▶	20/189 - Safeguarding Arrangements	Failure to have a robust Safeguarding service in place results in risk to vulnerable children, adults and families and not protecting them from harm.	Chief Exec	CD HAS CD CYPs	M	H	H	M	H	2	14	31/10/2015	L	H	H	M	H	3	Y	CD CYPs CD HAS
◀▶	20/188 - Educational Outcomes	Failure to ensure positive educational outcomes for children and young people together with appropriate support for schools to be good or outstanding results in lower achievement levels for pupils, and NY children's life chances being determined by geography or family circumstances rather than being in their own hands.	Chief Exec	CD CYPs	M	M	H	L	H	2	7	31/12/2015	L	M	H	L	H	3	Y	CD CYPs
◀▶	20/334 - Opportunities for Devolution in North Yorkshire and Consideration of a Combined Authority	Failure to take advantage of Devolution opportunities in North Yorkshire resulting in reduced investment and impact on the growth and jobs across the whole of North Yorkshire.	Chief Exec	BES AD EPU	M	L	H	L	M	2	5	25/11/2015	M	L	M	L	L	4	Y	CD BES
▼	20/49 - Organisational Performance Management	Failure to align the performance management framework with the Council strategy and/or use the correct metrics to measure performance results in reduction in service performance, efficiency and effectiveness; reduction in value for money; loss of reputation and suboptimal financial savings	Chief Exec	CD SR	M	M	M	H	M	2	7	31/12/2015	L	M	M	M	M	5	Y	CD SR
◀▶	20/389 - Health and Safety	Major Corporate Health and Safety failure resulting in injuries, claims, reputational and service delivery impact and possible prosecution	Chief Exec	CD SR	L	M	M	M	H	3	8	31/03/2016	L	M	M	M	H	3	Y	CSD SR HoHSRM
◀▶	20/8 - Major Emergencies in the Community	Failure to plan, respond and recover effectively to major emergencies in the community resulting in risk to life and limb, impact on statutory responsibilities, impact on financial stability and reputation	Chief Exec	Chief Exec	L	L	H	L	H	3	3	31/12/2014	L	L	H	L	M	3	Y	Chief Exec

Risk Register: **month 0 (Nov 2015) – summary and detailed final draft for AC**
Report Date: 18th November 2015 (fs)

Key	
▲	Risk Ranking has worsened since last review.
▼	Risk Ranking has improved since last review
◀▶	Risk Ranking is same as last review
- new -	New or significantly altered risk



Corporate Risk Register

Appendix A

Risk Register: **month 0 (November 2015) – summary and detailed final draft for AC**

Report Date: 18th November 2015 (fs)

Phase 1 - Identification											
Risk Number	20/1	Risk Title	20/1 - Funding Challenges				Risk Owner	Chief Exec		Manager	CD SR
Description	Inadequate funding available to the County Council to discharge its statutory responsibilities and to meet public expectation for the remainder of the decade resulting in legal challenge, unbalanced budget and public dissatisfaction					Risk Group	Resources		Risk Type		
Phase 2 - Current Assessment											
Current Control Measures			Existing MTFs; Members Budget seminars; modelling carried out on implications of CSR and other funds; agreed Budget 2; 2020 North Yorkshire Programme & constituent elements including service reviews; review of 2020NY in Member Seminars, Cabinet, and Overview and Scrutiny Committees where Directorate based; 2020NY Programme Management Office; 2020NY Programme Governance					Effectiveness			
Probability	H	Objectives	H	Financial	H	Services	H	Reputation	H	Category	1
Phase 3 - Risk Reduction Actions											
							Action Manager	Action by	Completed		
Reduction	20/42 - Carry out base budget reviews of specific services						CD SR	Mon-29-Feb-16			
Reduction	20/43 - Carry out modelling on implications of external funding levels (eg Spending Review Settlement)						CD SR	Wed-31-Aug-16			
Reduction	20/46 - Ensure effective consultation/communication with staff, public and Members						All Mgt Board	Wed-31-Aug-16			
Reduction	20/251 - Identify other savings opportunities through 2020 North Yorkshire Programme (eg business cases and procurement)						CD SR	Wed-31-Aug-16			
Reduction	20/261 - SmartSolutions- attempt to increase contributions/surplus						CD SR	Wed-31-Aug-16			
Reduction	20/972 - Carry out intensive discussions with CCGs through the Health and Well Being Board in order to secure Better Care Fund for supporting Adult Social Care						CD HAS	Wed-31-Aug-16			
Phase 4 - Post Risk Reduction Assessment											
Probability	M	Objectives	H	Financial	H	Services	M	Reputation	M	Category	2
Phase 5 - Fallback Plan											
									Action Manager		
Fallback Plan	20/504 - Further fundamental review in order to discharge statutory responsibilities									All Mgt Board	

Corporate Risk Register

Appendix A

Risk Register: **month 0 (November 2015) – summary and detailed final draft for AC**

Report Date: 18th November 2015 (fs)

Phase 1 - Identification											
Risk Number	20/47	Risk Title	20/47 - Partnership and Integration with the NHS Further amendments under discussion with Richard Webb				Risk Owner	Chief Exec	Manager	CD HAS	
Description	Failure to develop and implement new models of care that will provide better outcomes for patients and local communities. This failure will have a negative impact on the development of integrated services, delay the transformation of HAS services, give rise to increased costs to HAS and cause the loss of opportunities that joint provision may have.					Risk Group	Partnerships	Risk Type	CYPS 24/221 HAS 3/180		
Phase 2 - Current Assessment											
Current Control Measures		Effective HWB partnership with clear governance providing strategic leadership; HASLT locality delivery model in place and active membership of local transformation boards strengthening local partnerships and shaping integration; Joint all age programmes with CCGs inc Vanguard and Pioneer designing new service models; Better Care Fund Schemes implemented and other new models of care programmes inc Vanguard in development; CHC review set up internally					Effectiveness				
Probability	H	Objectives	M	Financial	H	Services	M	Reputation	M	Category	1
Phase 3 - Risk Reduction Actions											
						Action Manager	Action by	Completed			
Reduction	20/60 - Ensure S75 agreement signed by CCGs 2015/16 (ongoing)					AD SR (HAS) & Proc	Wed-31-Aug-16				
Reduction	20/245 - Complete the scope of the CHC review					HAS AD C&S	Mon-30-Nov-15				
Reduction	20/246 - Develop and implement the new Locality Delivery Team model for working with CCGs to co-lead transformation joint priorities and transformation					HAS AD Integration	Sun-31-May-15	Mon-31-Aug-15			
Reduction	20/362 - Ensure NHS partners are fully aware of the democratic and political environment they are operating within (ongoing)					CD HAS	Wed-31-Aug-16				
Reduction	20/363 - Actively monitor relationships, priorities and communications and ensure that HAS managers are fully engaged at appropriate level and review at HAS WLT on a regular basis (ongoing)					CD HAS	Wed-31-Aug-16				
Reduction	20/386 - Develop a new Health and Well-being Strategy (HAS)					CD HAS	Tue-30-Jun-15	Mon-31-Aug-15			
Reduction	20/400 - Implement board development programme for HWB (ongoing)					HAS AD Integration	Wed-31-Aug-16				
Reduction	20/450 - Lead negotiations to achieve full protection of adult social care BCF spend 2016/17					AD SR (HAS) & Proc HAS AD Integration	Thu-31-Mar-16				
Reduction	20/451 - Establish joint NHS and NHS leadership to design new models of care in all CCG localities incl. Vanguard (HaRD) Ambitious for Health					CD HAS	Thu-31-Mar-16				
Reduction	20/452 - Review the impact on HAS of new models of care locality operating models					HAS AD Integration	Thu-31-Mar-16				
Reduction	20/453 - Continue to improve the Locality Delivery Team model for working with CCGs on transformation					HAS AD Integration	Wed-31-Aug-16				

Corporate Risk Register

Appendix A

Risk Register: **month 0 (November 2015) – summary and detailed final draft for AC**
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Reduction	20/457 - Ensure effective monitoring of the 5-19 contracts and the in-house healthy lifestyle service	CYPS S&C CMH	Thu-31-Mar-16								
Reduction	20/458 - Ensure the arrangements for the joint commissioning of services for children with speech, language and communication needs are developed and in place	CD CYPS CYPS Incl HoIE	Sun-31-Jan-16								
Reduction	20/459 - Ensure that the CCGs 'future in mind' plans reflect the needs of Children and Young People in N Yorkshire and enable access to the full range of emotional and mental health support	CYPS AD S&C	Thu-31-Mar-16								
Reduction	20/460 - Develop specifications for a recommissioned 0-5 healthy child service aligned to the 5-19 structure	CYPS S&C CMH	Sat-30-Apr-16								
Reduction	20/909 - Establish effective reporting arrangements to HWB for JHWS and BCF	HAS AD Integration	Sun-31-Jan-16								
Phase 4 - Post Risk Reduction Assessment											
Probability	H	Objectives	M	Financial	M	Services	M	Reputation	M	Category	2
Phase 5 - Fallback Plan											
Fallback Plan	20/210 - Escalation to CMB and Executive Members, further engagement with senior tiers in NHS locally, regionally and nationally.									Action Manager	CD HAS

Corporate Risk Register

Appendix A

Risk Register: **month 0 (November 2015) – summary and detailed final draft for AC**

Report Date: 18th November 2015 (fs)

Phase 1 - Identification											
Risk Number	20/194	Risk Title	20/194 - Major Failure due to Quality and/or Economic Issues in the Care Market New risk – under discussion with Richard Webb				Risk Owner	CD HAS		Manager	HAS AD Q&E
Description	Major failure of provider/key providers results in the Directorate being unable to meet service user needs. This could be caused by economic performance or resource capabilities. The impact could include loss of trust in the Care Market, increased budgetary implications and issues of service user safety.					Risk Group	Legislative		Risk Type	HAS Q&E 2/159	
Phase 2 - Current Assessment											
Current Control Measures		Regular review and monitoring contracts; standard contract terms; approvals process; regular meetings to share best practice; experienced staff; regular communication with providers; bulletins; customer feedback; Engagement Group; legal services; CQC; Financial Services & insurance consultation; market analysis; capacity planning; alerts system including brokerage; Service Unit & provider BCPs; QA Framework developed; guidance and ongoing training for purchasing staff; engage with AD ASS; reg meetings with Q&M, Health Commissioner and police; robust comms with CCGs; quality monitoring embedded in Dir perf monitoring; market position statement							Effectiveness		
Probability	H	Objectives	M	Financial	M	Services	M	Reputation	H	Category	
Phase 3 - Risk Reduction Actions											
							Action Manager	Action by	Completed		
Reduction	20/467 - Carry out Phase II of the domiciliary care procurement and ensure the national living wage issues are addressed						HAS AD Q&E	Fri-30-Jun-17			
Reduction	20/468 - Continue to produce a market position statement						HAS AD Com	Wed-31-Aug-16			
Reduction	20/469 - Jointly with Health continue to monitor baseline assessments QA framework and risk profiles of providers; targets are reviewed at quarterly officer meetings						HAS AD Q&E	Wed-31-Aug-16			
Reduction	20/470 - Review and refresh the market development board and ensure ongoing quarterly meetings, market analysis and mapping and information sharing take place						HAS AD Q&E	Thu-31-Dec-15			
Reduction	20/471 - Continue with regular engagement meetings with CQC locally and engage with CQCs national programme of identifying providers where there is significant risk of failure						HAS AD Q&E	Wed-31-Aug-16			
Reduction	20/472 - Undertake review of the actual cost of care exercise to incorporate the impact of the national living wage						HAS AD Q&E	Thu-31-Dec-15			
Reduction	20/473 - Continue to engage in ADASS work to manage major problems occurring, such as financial issues in the care provider market and ensure robust contingency planning and to learn lessons from serious case reviews at a national level						HAS AD Q&E	Wed-31-Aug-16			
Reduction	20/474 - Work with Veritau on audits of individual suppliers						HAS AD Q&E	Thu-30-Jun-16			
Phase 4 - Post Risk Reduction Assessment											
Probability	H	Objectives	M	Financial	M	Services	M	Reputation	M	Category	2

Corporate Risk Register

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Risk Register: **month 0 (November 2015) – summary and detailed final draft for AC**
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Phase 5 - Fallback Plan		Action Manager
Fallback Plan	20/548 - Make client safe, crisis meeting, implement relevant steps, consultation with senior staff and relevant organisations (e.g. Police CQC). Effective communication to relevant parties, utilise contingency plan(s).	HAS AD Q&E



Corporate Risk Register

Appendix A

Risk Register: **month 0 (November 2015) – summary and detailed final draft for AC**

Report Date: 18th November 2015 (fs)

Phase 1 - Identification												
Risk Number	20/187	Risk Title	20/187 - Information Governance				Risk Owner	Chief Exec		Manager	CD SR	
Description	Ineffective information governance arrangements lead to unauthorised disclosure of personal and sensitive data, poor quality or delayed responses to FoI requests, and inability to locate key data upon which the Council relies resulting in loss of reputation, poor decision making, fine, etc					Risk Group	Legislative		Risk Type	CS 15/161		
Phase 2 - Current Assessment												
Current Control Measures			Information Governance Strategy including the associated Policy and Procedure Framework; CIGG Action Plan; data breach process; messages from senior management; on-line training; staff induction; information asset registers; DIGCs; posters; intranet information; regular monitoring of electronic communication by ICT; series of unannounced security compliance visits by internal audit; application of all the features of the Information Security Management System (ISMS); FoI – controls include central monitoring of receipt and progress, regular review by Veritau and review of outstanding cases by the Chief Exec on a monthly basis; proactive monitoring of all data; terms of reference reviewed; Directorate virtual group; internal audit support investigation of significant data breaches; CIGG consider reasons for data breaches and cascade lessons learned; secure physical storage and internal info transfer issues resolved; Non NYCC Network Access Policy produced; e learning training packages refreshed; Data Sharing Protocol in place						Effectiveness			
Probability	H	Objectives	M	Financial	M	Services	M	Reputation	H	Category	1	
Phase 3 - Risk Reduction Actions												
							Action Manager	Action by	Completed			
Reduction	15/423 - Continue to emphasise personal responsibility of staff for all information in this area and consider disciplinary action in cases of data breaches					CD SR CSD ACE BS		Thu-30- Jun-16				
Reduction	15/424 - Ensure Information Asset Owners identified and directorate Information Asset Registers completed					Ho Int Audit		Thu-31- Mar-16				
Reduction	15/425 - Periodic internal review of achievement of the Information Governance Strategy Objectives - ongoing					Ho Int Audit		Sun-31- Jul-16				
Reduction	15/426 - Ensure all relevant Partners sign up to agreed Multi-#Agency Data Sharing Protocol - ongoing					Ho Int Audit		Thu-31- Mar-16				
Reduction	15/427 - Ensure that individual agreements completed for each data sharing activity - ongoing					Ho Int Audit		Thu-31- Mar-16				
Phase 4 - Post Risk Reduction Assessment												
Probability	M	Objectives	L	Financial	M	Services	L	Reputation	M	Category	4	
Phase 5 - Fallback Plan												
									Action Manager			
Fallback Plan	15/514 - Review Action Plan and new technology and continue to raise awareness. Invite ICO to carry out an audit of NYCC IG systems								CD SR			

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Risk Register: **month 0 (November 2015) – summary and detailed final draft for AC**

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Phase 1 - Identification											
Risk Number	20/207	Risk Title	20/207 - 2020 North Yorkshire Change Programme				Risk Owner	Chief Exec		Manager	CSD SR AD T&C
Description	Failure to successfully implement the Programme and Modern Council ways of working resulting in inability to meet financial savings requirements, sub-optimal decision making and poorer quality of services.					Risk Group	Strategic		Risk Type	CS 15/11	
Phase 2 - Current Assessment											
Current Control Measures		Initial service reviews largely completed; 2020 North Yorkshire Programme Plan in place and regularly reviewed/updated; Members workshops & political group sessions completed; briefings of Cabinet; regular Mgt Board discussions; Mgt Board to sit as Programme Board; AD Tech & Change appointed to programme manage 2020 North Yorkshire; staff messages; opportunities to involve staff further; middle manager sessions with Chief Exec; Stronger Communities programme; Blueprint produced; recruitment of support required for Programme; governance arrangements agreed; standard approaches to project management and business change employed (eg Lean workshops); Stronger Communities programme developed to mitigate against budget cuts and promote resilience; resource requirements agreed						Effectiveness			
Probability	M	Objectives	H	Financial	H	Services	H	Reputation	H	Category	2
Phase 3 - Risk Reduction Actions											
						Action Manager	Action by	Completed			
Reduction	15/54 - Regularly review the ICT strategy in light of changes in the organisation both before and after 2020					CSD SR AD T&C		Thu-31-Dec-15			
Reduction	15/55 - Implement the revised financial systems (Oracle, BI and PBCS)					CD SR		Thu-31-Dec-15			
Reduction	15/56 - Review of Behaviour and Skills framework and other relevant key documents as part of OD workstream					CSD ACE BS		Wed-31-Aug-16			
Reduction	15/208 - Set out initial delivery plan for rationalisation of property in line with new ways of working to Programme Board					CD SR		Sat-31-Oct-15	Sat-31-Oct-15		
Reduction	15/393 - Conduct an LGA corporate peer review					AD SR (BES/CS) & Perf CSD SR AD T&C		Thu-31-Mar-16			
Reduction	15/394 - Review and implement action plan following peer review					CSD SR AD T&C		Fri-31-Mar-17			
Reduction	15/406 - Continue to embed cultural change and new ways of working (transformational rather than as a savings programme)					CSD SR AD T&C		Tue-31-Mar-20			
Reduction	15/429 - Continually review capacity and capability within services and the impact upon the workforce of the future					CSD SR AD T&C		Wed-31-Aug-16			
Reduction	15/831 - Continue to monitor delay of Programmes and the effect on benefits					CSD SR AD T&C		Wed-31-Aug-16			
Reduction	15/837 - Implement the Stronger Communities programme to mitigate against proposed budget cuts, support communities to take over local services, and promote community and individual resilience (ongoing)					CSD AD PP		Wed-31-Aug-16			

Corporate Risk Register

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Risk Register: **month 0 (November 2015) – summary and detailed final draft for AC**
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Reduction	20/250 - Develop (by Feb 2015) and implement an outline delivery plan for rationalisation of property in line with new ways of working (ongoing)	CD SR	Wed-31-Aug-16								
Reduction	20/403 - Carry out monthly monitoring of communications and engagement plan including key messages and themes (ongoing)	CSD HoC	Wed-31-Aug-16								
Reduction	20/405 - Continue with the implementation plan for Customer Theme in line with new ways of working	CSD ACE Selby	Wed-31-Aug-16								
Reduction	20/461 - Ensure joined up approach is taken between 'Living Well', CYPS Prevention team and Stronger Communities team	Chief Exec	Wed-31-Aug-16								
Reduction	20/462 - Carry out review of governance and areas of future focus for Programme Board	CSD SR AD T&C	Thu-31-Dec-15								
Reduction	20/463 - Revisit the 2020 Vision and Strategy and produce a draft which replaces the previous version and the Council Plan	Chief Exec	Thu-31-Mar-16								
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	H	Financial	H	Services	H	Reputation	H	Category	3
Phase 5 - Fallback Plan											
										Action Manager	
Fallback Plan	20/529 - Reprioritisation of savings, further consideration of structures and ways of working									All Mgt Board	



Corporate Risk Register

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Risk Register: month 0 (November 2015) – summary and detailed final draft for AC

Report Date: 18th November 2015 (fs)

Phase 1 - Identification											
Risk Number	20/189	Risk Title	20/189 - Safeguarding Arrangements				Risk Owner	Chief Exec		Manager	CD HAS CD CYPS
Description	Failure to have a robust Safeguarding service in place results in risk to vulnerable children, adults and families and not protecting them from harm.					Risk Group	Safeguarding		Risk Type	CYPS 24/250 HAS 3/27	
Phase 2 - Current Assessment											
Current Control Measures	CYPS – Safeguarding website; regularly reviewed procedures; monthly performance data for monitoring; audit regime; manager authorisation of all assessments; ICS; family intervention team; training strategy; clear supervision process which is audited on a regular basis; customer contact screening team; HAS - Detailed action plan, Safeguarding review for the County, revised Safeguarding Boards and sub groups, Safeguarding general manager and team, strengthening of Safeguarding policy team, case file audit and review, training plan, best interest assessors in post, better understanding & embedding of Mental Capacity Act. Independent chair to Safeguarding Board appointed, risk enablement panel developed, countywide safeguarding general manager appointed, Safeguarding procedures reviewed in line with consultation on the Care Act, Safeguarding Board performance framework							Effectiveness			
Probability	M	Objectives	H	Financial	H	Services	M	Reputation	H	Category	2
Phase 3 - Risk Reduction Actions											
Reduction	20/374 - Ensure compliance with Safeguarding Board and Children and Families' procedures [CYPS]					Action Manager	CYPS AD CSC		Action by	Sun-31-Jul-16	Completed
Reduction	20/375 - Contribute to the delivery and implementation of the Child Sexual Exploitation (CSE) strategy with the LSCB [CYPS]					Action Manager	CYPS CSC HoS		Action by	Sat-31-Oct-15	Sat-31-Oct-15
Reduction	20/376 - Continue to raise awareness of the escalation procedures relating to children missing and at risk of CSE [CYPS]					Action Manager	CYPS CSC HoS		Action by	Sun-31-Jul-16	
Reduction	20/377 - Ensure all cases of children at risk of CSE are flagged on LCS [CYPS]					Action Manager	CYPS CSC HoS		Action by	Sun-31-Jul-16	
Reduction	20/378 - Ongoing Mgt file audit of case files against established assessment standards and staff supervision files [CYPS]					Action Manager	CYPS CSC SMT		Action by	Sun-31-Jul-16	
Reduction	20/379 - Monitoring and management of performance against agreed targets in the SMT action plan [CYPS]					Action Manager	CYPS CSC SMT		Action by	Sun-31-Jul-16	
Reduction	20/381 - Continue to ensure partners are fully engaged with Safeguarding boards centrally and locally, particularly new health partners (CCGs) - ongoing, two board development days held [HAS]					Action Manager	HAS AD C&S		Action by	Tue-31-May-16	
Reduction	20/382 - Continue to work with Quality and Engagement team to improve quality assurance; risk assessment tool to be launched [HAS]					Action Manager	HAS AD C&S HAS AD Q&E		Action by	Thu-31-Dec-15	
Reduction	20/384 - Ongoing joint work with CYPS to carry out review of approach to domestic abuse and Prevent [HAS]					Action Manager	HAS AD C&S		Action by	Thu-31-Mar-16	
Reduction	20/385 - Develop an information framework for serious incident data, eg drug death etc [HAS]					Action Manager	HAS AD C&S		Action by	Thu-31-Dec-15	
Reduction	20/454 - Agree and implement a protocol for the relationship between Adults Social Care (and Children's Trust) and the Health and Wellbeing Board [HAS]					Action Manager	HAS AD Integration		Action by	Wed-31-Aug-16	

Corporate Risk Register

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Risk Register: **month 0 (November 2015) – summary and detailed final draft for AC**
 Report Date: 18th November 2015 (fs)

Reduction	20/455 - Implementation of new policies and procedures reflecting new Care Act duties [HAS]	HAS AD Q&E	Thu-31-Dec-15								
Reduction	20/456 - Continued vigilance to ensure our supervisory body role adheres to good practice and national guidance, evidenced by regular reports to HASLT and members [HAS]	HAS AD Q&E	Thu-30-Jun-16								
Reduction	20/1176 - Ongoing work to implement the concordat following Winterbourne View [HAS]	HAS AD C&S	Tue-31-May-16								
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	H	Financial	H	Services	M	Reputation	H	Category	3
Phase 5 - Fallback Plan											
											Action Manager
Fallback Plan	20/545 - Carry out necessary review of approach, target underperforming areas and take on lessons learned from any serious case reviews									CD CYPS CD HAS	



Corporate Risk Register

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Risk Register: **month 0 (November 2015) – summary and detailed final draft for AC**

Report Date: 18th November 2015 (fs)

Phase 1 - Identification											
Risk Number	20/188	Risk Title	20/188 - Educational Outcomes				Risk Owner	Chief Exec	Manager	CD CYPS	
Description	Failure to ensure positive educational outcomes for children and young people together with appropriate support for schools to be good or outstanding results in lower achievement levels for pupils, and NY children's life chances being determined by geography or family circumstances rather than being in their own hands.					Risk Group	Performance	Risk Type	CYPS 24/249		
Phase 2 - Current Assessment											
Current Control Measures			Cross-directorate "Strategic Priority Schools" approach; work with Schools Forum; detailed analysis of data; joint annual performance review and target settings with schools; effective targeted intervention; 'Closing the Gap' strategy; School Improvement strategy including monitoring groups for vulnerable children; Achievement for All Programme; alternative models of school leadership including mergers, federations and informal partnerships promoted;					Effectiveness			
Probability	M	Objectives	M	Financial	H	Services	L	Reputation	H	Category	2
Phase 3 - Risk Reduction Actions											
							Action Manager	Action by	Completed		
Reduction	20/402 - Develop and implement the "Scarborough Education Summit" which collaboratively challenges underachievement						CD CYPS	Fri-30-Sep-16			
Reduction	20/1161 - Ensure leadership and release of commissioning capacity in the context of the Commission for School Improvement and School Improvement restructure						CYPS AD E&S	Wed-31-Aug-16			
Reduction	20/1166 - Ensure effective implementation of the local 'Closing the Gap' innovation programme and monitoring of the impact of the projects funded through this programme						CYPS AD E&S	Sat-30-Apr-16			
Reduction	20/1188 - Implement plans to further improve Children in Care educational outcomes						CYPS Ho ELAC	Fri-30-Sep-16			
Reduction	20/1189 - Develop a skills strategy and assessment of needs beginning with Scarborough then roll out to remaining districts						CYPS AD E&S	Thu-31-Dec-15			
Reduction	20/1190 - Establish stronger links with businesses and employers re apprenticeships, internships and traineeships and use NYCC as a role model itself in this area						CYPS AD E&S	Sun-31-Jul-16			
Reduction	20/1197 - Establish stronger links with Further and Higher Education establishments (ongoing)						CYPS AD E&S	Fri-30-Sep-16			
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	M	Financial	H	Services	L	Reputation	H	Category	3
Phase 5 - Fallback Plan											
									Action Manager		
Fallback Plan	20/542 - Continually review via internal mechanisms and the new NY Education Partnership and challenge Programmes and Strategies in order to ensure better educational outcomes							CD CYPS			

Corporate Risk Register

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Risk Register: **month 0 (November 2015) – summary and detailed final draft for AC**

Report Date: 18th November 2015 (fs)

Phase 1 - Identification											
Risk Number	20/334	Risk Title	20/334 - Opportunities for Devolution in North Yorkshire and Consideration of a Combined Authority				Risk Owner	Chief Exec		Manager	BES AD EPU
Description	Failure to take advantage of Devolution opportunities in North Yorkshire resulting in reduced investment and impact on the growth and jobs across the whole of North Yorkshire.					Risk Group	Strategic		Risk Type		
Phase 2 - Current Assessment											
Current Control Measures		Devolution proposals submitted to Govt., LEP strategic economic plan in place; NYCC retains the Infrastructure Delivery Steering Group; NYCC wide co-ordination of development needs linked to District plans; local authorities are moving towards a joint committee & considering a combined authority; LA Director group in place;						Effectiveness			
Probability	M	Objectives	L	Financial	H	Services	L	Reputation	M	Category	2
Phase 3 - Risk Reduction Actions											
							Action Manager	Action by	Completed		
Reduction	20/364 - Gain political support both locally and nationally (ongoing)					Chief Exec		Thu-31-Mar-16			
Reduction	20/398 - Directors of Development Group to support the Devolution deal					CD BES		Wed-25-Nov-15			
Reduction	20/916 - Establish the geography on which to secure Devolution					Chief Exec		Wed-25-Nov-15			
Reduction	20/917 - Develop detailed business cases for all requirements					Chief Exec		Wed-25-Nov-15			
Reduction	20/1397 - Identify the barriers and opportunities which Devolution can take advantage of					CD BES		Wed-25-Nov-15			
Phase 4 - Post Risk Reduction Assessment											
Probability	M	Objectives	L	Financial	M	Services	L	Reputation	L	Category	4
Phase 5 - Fallback Plan											
									Action Manager		
Fallback Plan	20/596 - Consider membership of Leeds City Region Combined Authority							CD BES			

Corporate Risk Register

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Risk Register: **month 0 (November 2015) – summary and detailed final draft for AC**

Report Date: 18th November 2015 (fs)

Phase 1 - Identification											
Risk Number	20/49	Risk Title	20/49 - Organisational Performance Management				Risk Owner	Chief Exec	Manager	CD SR	
Description	Failure to align the performance management framework with the Council strategy and/or use the correct metrics to measure performance results in reduction in service performance, efficiency and effectiveness; reduction in value for money; loss of reputation and suboptimal financial savings					Risk Group	Performance	Risk Type	CS 15/166		
Phase 2 - Current Assessment											
Current Control Measures			Corporate Performance Management Framework including service planning, quarterly reports to Exec, participation in benchmarking exercises, Corporate Performance Management Group, team performance management matrix, internal peer review of performance management matrix, review of Q performance reports					Effectiveness			
Probability	M	Objectives	M	Financial	M	Services	H	Reputation	M	Category	2
Phase 3 - Risk Reduction Actions											
						Action Manager	Action by	Completed			
Reduction	15/393 - Conduct an LGA corporate peer review					AD SR (BES/CS) & Perf CSD SR AD T&C	Thu-31- Mar-16				
Reduction	15/430 - Review governance arrangements for performance management					AD SR (BES/CS) & Perf	Thu-31- Dec-15				
Reduction	15/431 - Develop a plan to align strategy with performance to enable effective measurement					AD SR (BES/CS) & Perf	Thu-31- Mar-16				
Reduction	15/432 - Develop an effective mechanism of performance measurement					AD SR (BES/CS) & Perf	Thu-31- Mar-16				
Reduction	15/433 - Review and revise the structural and operational arrangements for performance management					AD SR (BES/CS) & Perf	Thu-30- Jun-16				
Reduction	20/464 - Conduct self-assessment (initial findings 24/11/15) in advance of corporate peer review and collate an action plan					AD SR (BES/CS) & Perf	Thu-31- Dec-15				
Reduction	20/466 - Issue guidance for service plans for 2016/17					AD SR (BES/CS) & Perf	Thu-31- Dec-15				
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	M	Financial	M	Services	M	Reputation	M	Category	5
Phase 5 - Fallback Plan											
									Action Manager		
Fallback Plan	20/533 - Fundamental review of approach									CD SR	

Corporate Risk Register

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Risk Register: **month 0 (November 2015) – summary and detailed final draft for AC**

Report Date: 18th November 2015 (fs)

Phase 1 - Identification											
Risk Number	20/389	Risk Title	20/389 - Health and Safety				Risk Owner	Chief Exec		Manager	CD SR
Description	Major Corporate Health and Safety failure resulting in injuries, claims, reputational and service delivery impact and possible prosecution					Risk Group	Legislative		Risk Type	CS 15/183	
Phase 2 - Current Assessment											
Current Control Measures		HSRM Service Plan feeding into Directorate Action Plans; H&S team; Corporate H&S Policy; Corporate and Directorate H&S procedures; intranet and cyps.info sites; Directorate RM groups; RM Working groups; H&S Champions and lead officers; reporting on a regular basis; on-going H&S risk assessment, training, monitoring and audit; corporate H&S training;							Effectiveness		
Probability	L	Objectives	M	Financial	M	Services	M	Reputation	H	Category	3
Phase 3 - Risk Reduction Actions											
							Action Manager	Action by	Completed		
Reduction	15/248 - Continue delivery of the programme of H&S monitoring (ongoing)						AD SR (CYPs) & Prop	Sun-31-Jul-16			
Reduction	15/249 - Develop (by Nov 2015) and implement the revised directorate H&S action plans in line with the top 10 risks agreed at CRMG and report performance						AD SR (CYPs) & Prop	Sun-31-Jul-16			
Reduction	15/254 - Revise the managers' online H&S training and other modules.						CSD SR HoHSRM	Thu-31-Mar-16			
Reduction	15/255 - Ensure appropriate operating standards of H&S risk assessments exist and are being implemented locally						AD SR (CYPs) & Prop	Sun-31-Jul-16			
Reduction	15/256 - Carry out review of health and safety function within NYCC - 2nd stage						AD SR (CYPs) & Prop	Thu-31-Mar-16			
Reduction	15/257 - Review and revise the corporate H&S procedures						CSD SR HoHSRM	Sun-31-Jul-16			
Reduction	15/407 - Work with City of York Council to agree the new structure for the shared service						AD SR (CYPs) & Prop	Thu-31-Mar-16			
Reduction	15/408 - Implement arrangements for H&S function following and depending on the agreement of the structure for shared services with City of York Council						AD SR (CYPs) & Prop	Thu-31-Mar-16			
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	M	Financial	M	Services	M	Reputation	H	Category	3
Phase 5 - Fallback Plan											
									Action Manager		
Fallback Plan	20/628 - Liaise with HSE, media management, implement fatal/serious injury response guide							CSD SR HoHSRM			

Corporate Risk Register

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Risk Register: **month 0 (November 2015) – summary and detailed final draft for AC**

Report Date: 18th November 2015 (fs)

Phase 1 - Identification												
Risk Number	20/8	Risk Title	20/8 - Major Emergencies in the Community					Risk Owner	Chief Exec		Manager	Chief Exec
Description	Failure to plan, respond and recover effectively to major emergencies in the community resulting in risk to life and limb, impact on statutory responsibilities, impact on financial stability and reputation						Risk Group	Performance		Risk Type		
Phase 2 - Current Assessment												
Current Control Measures			NYLRF; experience and resources of partners; existing plans incl public health (training and exercises); EPU; partnership working with District Councils; community resilience; silver response in the County Council major incident plan tested; approach to BCP refreshed to strengthen service resilience; Resilience Direct portal; regional multi agency pandemic exercise held;						Effectiveness			
Probability	L	Objectives	L	Financial	H	Services	L	Reputation	H	Category	3	
Phase 3 - Risk Reduction Actions												
							Action Manager	Action by	Completed			
Reduction	20/249 - Test effectiveness and robustness of emergency plans relating to the public health of the NY population - final review and lessons learned following multi agency exercise to complete						Chief Exec	Wed-31-Dec-14	Wed-31-Dec-14			
Reduction	20/970 - Continue to ensure effective co-ordination and communication with County and District/Borough Council services & NYLRF in light of reduction in resources						Chief Exec	Mon-31-Oct-16				
Reduction	20/971 - Continue to ensure effective and efficient processes are embedded amongst all partners to prioritise workstreams (incl. plans, training and exercises)						Chief Exec	Mon-31-Oct-16				
Phase 4 - Post Risk Reduction Assessment												
Probability	L	Objectives	L	Financial	H	Services	L	Reputation	M	Category	3	
Phase 5 - Fallback Plan												
										Action Manager		
Fallback Plan	20/207 - Review and prioritise resources dependent on nature and impact of event (inc effective media management)									Chief Exec		



HAS Risk Register
<p>Partnership and Integration with the NHS Failure to develop and implement new models of care that will provide better outcomes for patients and local communities.</p>
<p>Major Failure due to Quality and/or Economic Issues in the Care Market Major failure of provider/key providers results in the Directorate being unable to meet service user needs. This could be caused by economic performance or resource capabilities</p>
<p>Information Governance and Health and Safety Failure to ensure that good and safe governance arrangements in respect of data security and health and safety are in place throughout the Directorate</p>
<p>Transformation Failure to carry out transformation of the care and support offer in a timely way such that savings are made, significant change and improvement is implemented and personal independence is maximised</p>
<p>Cultural Change Failure to change the Directorate culture at the same time as implementing the HAS Vision and the 2020 Transformation Programme for HAS by 2020 resulting in financial challenges and unmet savings, staff unclear about their roles and an inability to implement new ways of working</p>
<p>Workforce Planning and Development Failure to appropriately plan and fulfil workforce requirements and / or develop staff in line with transformation agenda resulting in reduction in quality of service and transformation objectives not achieved</p>
<p>Safeguarding Arrangements Failure to have an effectively monitored, robust, Safeguarding regime and partnership arrangements in place and ensure that we fulfil our wider lead authority role (under the Care Act) results in risk to service users, inability to reach required standard on CQC and adverse effect on Directorate reputation.</p>

Central Services Risk Register
<p>Central Services Savings Plan Failure to deliver the Central Services savings plan for the duration of the Change Programme (up to 2019) resulting in inability to meet the budget, rationalise support services and enable the change programme</p>
<p>Information Governance Ineffective information governance arrangements lead to unauthorised disclosure of personal and sensitive data, poor quality or delayed responses to FoI requests, and inability to locate key data upon which the Council relies</p>
<p>2020 North Yorkshire Change Programme Failure to successfully implement the Programme and Modern Council ways of working</p>
<p>Organisational Performance Management Failure to align the performance management framework with the Council strategy and/or use the correct metrics to measure performance</p>
<p>Health & Safety Major Corporate Health and Safety failure resulting in injuries, claims, reputational and service delivery impact and possible prosecution</p>

Corporate Risk Register	Rank	
<p>Funding Challenges Inadequate funding available to the County Council to discharge its statutory responsibilities and to meet public expectation for the remainder of the decade</p>	1	2
<p>Partnership and Integration with the NHS Failure to develop and implement new models of care that will provide better outcomes for patients and local communities.</p>	1	2
<p>Major Failure due to Quality and/or Economic Issues in the Care Market Major failure of provider/key providers results in the Directorate being unable to meet service user needs. This could be caused by economic performance or resource capabilities</p>	1	2
<p>Information Governance Ineffective information governance arrangements lead to unauthorised disclosure of personal and sensitive data, poor quality or delayed responses to FoI requests, and inability to locate key data upon which the Council relies</p>	1	4
<p>2020 North Yorkshire Change Programme Failure to successfully implement the Programme and Modern Council ways of working</p>	2	3
<p>Safeguarding Arrangements Failure to have a robust Safeguarding service in place results in risk to vulnerable children, adults and families and not protecting them from harm</p>	2	3
<p>Educational Outcomes Failure to ensure positive educational outcomes for children and young people together with appropriate support for schools to be good or outstanding</p>	2	3
<p>Opportunities for Devolution in North Yorkshire and Consideration of a Combined Authority Failure to take advantage of Devolution opportunities in North Yorkshire resulting in reduced investment and impact on the growth and jobs across the whole of North Yorkshire.</p>	2	4
<p>Organisational Performance Management Failure to align the performance management framework with the Council strategy and/or use the correct metrics to measure performance results in reduction in service performance, efficiency and effectiveness; reduction in value for money; loss of reputation and suboptimal financial savings</p>	2	5
<p>Health and Safety Major Corporate Health and Safety failure resulting in injuries, claims, reputational and service delivery impact and possible prosecution</p>	3	3
<p>Major Emergencies in the Community Failure to plan, respond and recover effectively to major emergencies in the community</p>	3	3

CYPS Risk Register
<p>Partnership and Integration with Health Failure to develop and implement new models of care that will provide better outcomes for children and young people and local communities. This failure will have a negative impact on the development of integrated services, give rise to increased costs to CYPS and cause the loss of opportunities that joint provision may have.</p>
<p>Good and Safe Governance Arrangements Failure to ensure that good and safe governance arrangements in respect of data security and health and safety are in place throughout the Directorate</p>
<p>2020 North Yorkshire incl WF development, planning and cultural change within CYPS Failure to effectively deliver the CYPS 2020 Programme including the required workforce development and cultural change resulting in a reduction of quality in service delivery, inability to fully meet current and future financial requirements, internal and external criticism.</p>
<p>Safeguarding Arrangements Failure to have a robust Safeguarding service in place results in risk to vulnerable children, adults and families and not protecting them from harm</p>
<p>Educational Outcomes Failure to ensure positive educational outcomes for children and young people together with appropriate support for schools to be good or outstanding</p>

BES Risk Register
<p>2020 North Yorkshire Programme within BES Failure to effectively deliver the BES 2020 Programme including the required cultural change resulting in adverse impact on service delivery, inability to fully meet current and future financial requirements, internal and external criticism.</p>
<p>Statutory Duties Failure to carry out statutory duties or meet statutory deadlines (e.g. Health and Safety, safe guarding, information governance, prevention of waste pollution, planning responsibilities, statutory property related issues, driver/vehicle guidance) resulting in Corporate Manslaughter, increased cost/claims, fines/prosecution and criticism.</p>
<p>Opportunities for Devolution in North Yorkshire and Consideration of a Combined Authority Failure to take advantage of Devolution opportunities in North Yorkshire resulting in reduced investment and impact on the growth and jobs across North Yorkshire.</p>
<p>Major Incident and Business Continuity Failure to plan and respond effectively to a major incident without major impact upon routine service performance or longer term impact on service delivery</p>

Linking of Directorate risks to the Corporate risk reg Nov 2015

AUDIT COMMITTEE - PROGRAMME OF WORK 2015 / 16

	ANNUAL WORKPLAN	SEPT 15	DEC 15	MAR 16	JUNE 16	JULY 16	SEPT 16	DEC 16
A	Audit Committee Agenda Items							
	Training for Members (as necessary)		3	TBA	TBA	TBA	TBA	TBA
	Annual Internal Audit Plan 2014/15			x	x			
	Annual report of Head of Internal Audit 2013/14							
	Progress Report on Annual Internal Audit Plan 2014/15		x	x	x			x
	Internal Audit report on Children and YP's Service				x			
	Internal Audit report on Computer Audit/Corporate Themes/Contracts	x					x	
	Internal Audit report on Health and Adult Services	x					x	
	Internal Audit report on BES		x					x
	Internal Audit report on Central Services			x				
B	Annual Audit Letter				x			
	Annual Audit Plan 2013/14 (NYCC & NYPF)					x		
	Annual Report / Letter of the External Auditor	x					x	
	Annual Grant Letter							
	Discussion with External Auditor on 1-to-1 basis							
	Statement of Final Accounts including AGS (NYCC + NYPF)	x				x		
	Letter of Representation	x					x	
	Chairman's Annual Report	x						
	Effectiveness of Audit Committee				x			
	Changes in Accounting Policies			x				
C	Corporate Governance – review of Local Code + AGS				x			
	– progress report inc re AGS				x			
	Risk Management (inc Corporate R/R) – progress report				x			
	Partnership Governance – progress report					x		
	Information Governance – progress report						x	
	Review of Finance/Contract/Property Procedure Rules	x						x
	Service Continuity Planning				x			
	Audit Committee Terms of Reference		x					x
	Counter Fraud			x				
	Contract Management		x					x
D	Treasury Management			x				
	Corporate Procurement Strategy			x				
	VFIM Review	x						x
	Work Programme	x			x			x
	Progress on issues raised by the Committee (inc Treasury Management)	x			x			x
	Agenda planning / briefing meeting	09/09	18/11	16/02	10/06	02/07	09/09	18/11
	Audit Committee Agenda/Reports deadline	14/09	23/11	22/02	13/06	01/07	12/09	21/11
	Audit Committee Meeting Dates	24/09	03/12	03/03	23/06	14/07	22/09	01/12

A = Internal Audit
 B = External Audit
 C = Statement of Final Accounts / Governance
 D = Other
 E = Dates

⊙ before formal meeting
 1 Internal Training - Vertau
 2 KPMG Introduction (future external auditors)
 3 KPMG - start up meeting