

The Report of the Executive

The Executive met on Tuesday, 23 July 2013 commencing at 10.00 am. County Councillor John Weighell in the Chair. County Councillors Arthur Barker, Gareth Dadd, Tony Hall, Carl Les and Clare Wood.

The Executive met on Tuesday, 30 July 2013 commencing at 11.00 am. County Councillor John Weighell in the Chair. County Councillors Arthur Barker, Gareth Dadd, Tony Hall and Clare Wood.

The Executive met on Tuesday, 20 August 2013 commencing at 11.00 am. County Councillor John Weighell in the Chair. County Councillors Arthur Barker, Gareth Dadd, Tony Hall, Carl Les, Don MacKenzie, Chris Metcalfe and Clare Wood.

Also in attendance: County Councillors Jim Clark, David Jeffels, Janet Sanderson, Elizabeth Shields and Tim Swales.

The Executive met on Tuesday, 10 September 2013 commencing at 11.00 am. County Councillor John Weighell in the Chair. County Councillors Arthur Barker, Gareth Dadd, Tony Hall, Carl Les, Don MacKenzie and Clare Wood.

The Executive met on Tuesday, 1 October 2013 commencing at 11.00 am. County Councillor John Weighell in the Chair. County Councillors Arthur Barker, Tony Hall, Carl Les, Don Mackenzie and Chris Metcalfe.

The Executive met on Tuesday, 29 October 2013 commencing at 11.00 am. County Councillor John Weighell in the Chair. County Councillors Arthur Barker, Gareth Dadd, Tony Hall, Carl Les, Don MacKenzie, Chris Metcalfe and Clare Wood.

Also in attendance: County Councillors Robert Baker and David Blades.

1. Prudential Indicators: The Prudential Code requires appropriate arrangements to be in place for the monitoring, reporting and revision of Prudential Indicators previously set and these arrangements were agreed by the County Council in 2004. Updated Prudential Indicators for 2013/14 to 2015/16 were approved by County Council on 20 February 2013. These Indicators, however, were based substantially on a Capital Plan approved by Executive in November 2012.

The Annual Treasury Management and Prudential Indicators report for 2012/13 was submitted to Executive on 18 June 2013. This reported the 2012/13 outturn position on Prudential Indicators compared with the last updated set of Indicators for the year, as approved by County Council on 20 February 2013. The 2012/13 outturn report did not, however, consider any consequential changes to the Indicators set for the three year period 2013/14 to 2015/16. It is, therefore, necessary to consider and revise the Prudential Indicators for the three years up to 31 March 2016. As a result of Capital Plan updates and other changes, many of the Prudential Indicators need revising, particularly those for capital spending, the consequential capital financing requirement and authorised debt levels.

Rather than consider individual Prudential Indicators in isolation, a full review of all Indicators has been undertaken as part of the ongoing financial monitoring process. This is necessary because the Indicators approved in February 2013 included a number of provisional forecasts and subsequent, and more up to date, information has become available, resulting in forecasts for future years having to be refined.

A Prudential Indicators update and monitoring report is attached as Appendix 1 to this report which sets out each Prudential Indicator in terms of the Indicators approved in February 2013; the updated Indicators, as at August 2013, and comments on the reasons for significant variations being proposed. In general the updated Indicators reflect a number of common factors including:

- (a) 2012/13 outturn – capital spending, capital financing and borrowing, as reported to Executive on 18 June 2013
- (b) an updated Capital Plan
- (c) latest information and approvals on schemes self funded from grants, contributions and from revenue
- (d) updated forecasts of debt charge estimates and interest earned on surplus cash balances
- (e) various other miscellaneous refinements.

The Executive RECOMMENDS:

That the revised Prudential Indicators for the period 2013/14 to 2015/16, as set out in Appendix 1 to the report, are approved.

2. Capital Plan: Whilst the County Council's Financial Procedure Rules empower the Executive to modify the approved Capital Plan during the year, it is a requirement of the Council's Constitution that the Council approve the Capital Plan annually. As part of the agenda for the quarterly performance monitoring report, at its meeting on 20 August, 2013, the Executive considered and approved a revised Capital Plan and, as the Council last approved a Capital Plan in October 2012, the Executive has agreed to recommend adoption of the Plan to the Council.

So that Members of the Council are fully informed of the issues, a copy of that report is attached as Appendix 2 and the revised Capital Plan is attached as Appendix 2A to 2F. Going forward it is proposed that, for 2014/15, approval of the Capital Plan will be achieved by the latest Capital Plan being included in the suite of budget related reports which will be submitted to the Executive and then to the Council in February, 2014.

The Executive RECOMMENDS:

That the revised Capital Plan, a copy of which is attached as Appendix 2A to 2F to the report, is adopted.

3. Contract Procedure Rules: A review of the Contract Procedure Rules has been carried out by the Audit Committee, whose terms of reference include: “to review and recommend to the Executive changes to the Finance, Contract and Property Procedure Rules”. The Audit Committee approved a number of changes which are set out below and the Executive now recommends those changes to County Council, as the Rules form part of the County Council’s Constitution. Whilst this report deals only with the Contract Procedure Rules, it is intended that a detailed review of the Finance, Contract and Property Procedure Rules will be carried out every four years, in line for the beginning of each new Council. As this has not happened in 2013, it is intended that a further review of the Finance, Contract and Property Procedure Rules will be considered by the Audit Committee, later this year, which will be subsequently referred to the Executive.

There is a need to make periodic amendments to the Procedure Rules to reflect operational circumstances. Officers have reviewed the current Contract Procedure Rules, in light of the revised approach across the Council on procurement. The changes fall into 4 broad categories:

1. There has been a wholesale re-structure of the Rules in order to make them clearer and simpler to understand. Whilst a number of officers undertake a large number of procurement exercises, many do not and may only look at the Rules when undertaking a procurement exercise for the first time. Feedback from colleagues was that the Rules were unwieldy and difficult to understand, often with one topic being covered in a number of different Rules. The proposed amendments seek to clarify the Rules by covering all aspects of one topic within one Rule. For example the proposed amendments to Rule 9 now separate the different types of procurement process into their own Rules with clear headings.
2. It is proposed that the financial limit at which quotations and tenders must be invited should be increased. The threshold has not been amended since at least 2005 and, as such limits refer to the whole life value of the contract, it is felt appropriate to increase the financial limit at which quotations and tenders are sought. It is proposed that the threshold for tenders is increased from £50k to £100k. The proposed amendment accounts for increases in the threshold set by the Public Contract Regulations 2006, at which point full European procurement processes must be undertaken. This has widened the gap between internal and external requirements and so it was felt appropriate to increase the threshold. The proposed amendment also accounts for the time value of money. The effect of these changes in relation to the control environment is such that, of the 180 procurements undertaken in 2012, the changes would have had the impact of demoting three procurements to quote status and six from tender to written quote status, which gives assurance that the proposed changes are measured and reasonable.

3. It is proposed to remove the requirement to obtain approval from the Corporate Director, Strategic Resources to proceed to award where fewer than 3 quotations have been received, as that is regarded as unnecessarily cumbersome. The County Council's Gateway Process and the role of the Directorate Procurement Champions are designed to ensure this is monitored and governed satisfactorily.
4. It is proposed to remove the requirement to undertake a risk assessment as this is now covered by the County Council's Gateway Process in respect of procurement processes.

As well as reflecting changes in operational approach the opportunity was taken to make the Rules clearer and more easily accessible. The proposed amendments complement the Council's risk based Gateway Procurement process which ensures that there is a comprehensive assessment and review at defined points in the procurement cycle. Appendix 3A sets out the revised Contract Procedure Rules and Appendix 3B provides explanation for the changes in greater detail.

The Executive RECOMMENDS:

That the revised Contract Procedure Rules, as set out in Appendix 3A, are approved and incorporated into the Council's Constitution.

4. School Funding: In 2011, the Department for Education (DfE) confirmed that it would be introducing a National Funding Formula (NFF), to distribute the Dedicated Schools Grant. This was part of the Department's reform of the school funding system, to make it "fairer, more consistent and transparent and so funding intended for education reaches schools and the pupils that need it most". This National Funding Formula, however, would not be implemented until the beginning of the next Spending Review period (2015). To smooth its implementation the funding arrangements for 2013-14 and 2014-15 would be changed: Local Authorities and Schools Forums would have to work with a set of restrictions in an attempt to "standardise" school funding across the country. Because of the variations expected under these new arrangements, the Minimum Funding Guarantee would continue (-1.5% in 2013/14 and 2014/15, but unknown for future years).

Following concerns expressed by a large number of Local Authorities and schools across the country regarding the consequences of the restrictions being imposed, the DfE promised a review of the arrangements, but only after implementation. In February, 2013, the DfE launched this review and, as part of it, the Department visited a small number of Local Authorities, including North Yorkshire, when the County Council's concerns about the impact of the new arrangements were outlined. The concerns highlighted in our response to that review were:

- The ability to allocate funding to small schools in rural areas. No recognition was taken of this in the new arrangements
- The requirement to have the same size of lump sum for all schools, regardless of whether the school was primary or secondary and had 15 or 1,500 students

- Funding for pupil mobility: the changes to this did not allow us to target the funding at schools where needed
- Deprivation funding: the use of purely income-related measures was not suitable for a rural local authority

On 5 June 2013 the Minister for Schools, David Laws, announced the publication of the DfE's findings from the review of the 2013/14 arrangements and details of the changes that will be made to the 2014/15 settlement. The DfE stated that these changes "will move us closer to a national funding formula and will also address concerns that have been raised with [them] over recent months". The changes permitted to LAs are set out in section 4 of the report considered by the Executive, a copy of which is attached as Appendix 4 to this report, along with some directed changes by the Department. The consultation paper set out some proposals concerning the permitted (and in some cases, directed) changes and schools were asked to comment on these. The Schools Forum subsequently met on 17th October and agreed the recommendations set out below, which the Executive now recommends to Council. The details of the proposals, which cover 5 main areas, are set out in Appendix 4. The Executive approved the proposals in the report and agreed that they be notified to the Department for Education and be recommended to the Council for approval. The Executive also noted decisions of the Schools Forum to create specific funds to support schools with exceptional falling rolls (£300k) and pupil growth (£200k) and to use £400k to meet existing transitional commitments and to meet the costs associated with future reorganisations which are not related to basic need.

The Executive RECOMMENDS:

- (a) That a sparsity factor and lump sum is approved, as per the following:

	Primary	Secondary
Measure	As the crow flies	As the crow flies
Mileage	2	3
Lump Sum	£85k	£175k
Sparsity factor	£50k tapered	£100k fixed
Exceptions for	Schools with crow flies >2 and road distance >3	Schools with crow flies >3 and road distance >4

- (b) That the investigation of measures which will incentivise changes in school organisation and working arrangements, such as the re-introduction of a split site factor for 2015-16, is endorsed.
- (c) That the revised (directed) mobility factor is allocated within the current levels of funding.

(d) That Element 2 funding is allocated as set out below:

DfE prescribed formula factors used in distributing Element 2 Funding	Existing Formula	Proposed Formula w.e.f. April 2014
AWPU	0%	9%
Lump Sum	0%	0%
FSM %	6.67%	6%
IDACI %	6.67%	6%
Mobility	6.66%	3%
LAC	0%	6%
Prior Attainment	80%	70%
Total	100%	100%

(e) That a mechanism for allocating this exceptional funding contingency is introduced, as set out in paragraph 11.17 of the consultation paper (repeated at 7.9 of the report attached as Appendix 4 to this report).

(f) That funding arrangements for Alternative Provision in the Scarborough, Whitby and Ryedale areas are introduced, as per the consultation

(g) That additional top-up funding be provided for the very challenging pupils that were previously in a special school

(h) That the new proposal for the allocation of discretionary AP funding, as below, is supported:

	Current Option	Option2
Pupil Number %	25%	50%
FSM %	12.5%	12.50%
IDACI %	12.5%	12.50%
LAC %	25%	12.50%
Youth Justice %	25%	12.50%

And that any final changes to the proposed formula be sent to the Education Funding Agency in January 2014.

5. Appointments to Committees and Outside Bodies. Whilst the outcome of the South Selby by-election was awaited, vacancies were held on the Scrutiny of Health Committee; Care and Independence Overview and Scrutiny Committee and the Selby Area Committee. As the South Selby Division seat was held by the Conservative candidate, there is no change to the political balance calculated following the County Council elections in May 2013 and, therefore, no changes to Committee seat allocations are required.

The composition of the North Yorkshire Pension Fund Committee includes two Substitute Members from the District Councils, nominated via Local Government North Yorkshire and York. Local Government North Yorkshire and York, at a recent meeting, agreed to nominate Councillor Jane Parlour (Richmondshire District Council) for appointment as one of the two Substitute Members from the District Councils. The second seat for a District Councils' Substitute Member is currently vacant, because the previous Substitute did not wish to serve for a further term.

The Social Services Act 1970, as amended by Schedule 2 of the Children Act 2004, requires upper tier local authorities to appoint a Director of Adult Social Services. In North Yorkshire the role of Director of Adult Social services is carried out by the Corporate Director – Health and Adult Services, but the current Director has submitted her resignation and will be leaving her post on 29 November, 2013. It is proposed that Sally Burton, who is currently the interim Assistant Director, Transformation and Integration, who will be Acting Director – Health and Adult Services when Helen Taylor leaves the Council, be designated as Director of Adult Social Services pending the appointment of a new Corporate Director – Health and Adult Services.

The Executive RECOMMENDS:

That any proposals for the re-allocation of seats, if necessary to achieve political proportionality, or for changes to memberships or substitute memberships of committees, or other bodies to which the Council makes appointments, put forward by the relevant political group, prior to or at the meeting of the Council, be agreed including:

- (i) That County Councillor Mike Jordan is appointed to the vacancies on the following Committees: Scrutiny of Health; Care and Independence; and Selby Area Committee.
- (ii) That Duncan Webster is appointed in place of Melvyn Ellis as the HealthWatch representative on the North Yorkshire Health and Wellbeing Board.
- (iii) That Councillor Jane Parlour (Richmondshire District Council) is appointed as a Substitute Member from the District Councils on North Yorkshire Pension Fund Committee.
- (iv) That the second seat for a District Councils' Substitute Member on North Yorkshire Pension Fund Committee be marked as a vacancy.
- (v) That Sally Burton, who is currently the interim Assistant Director, Transformation and Integration, who will be Acting Director – Health and Adult Services when Helen Taylor leaves the Council, is designated as Director of Adult Social Services for the duration of the vacancy in the post of Corporate Director – Health and Adult Services.

(vi) That it is delegated to the Chief Executive to confirm the designation of the final appointee to the post of Corporate Director – Health and Adult Services as statutory Director of Adult Social Services and that a report confirming the designation is brought to the County Council in due course.

JOHN WEIGHELL
Chairman

County Hall,
NORTHALLERTON.
5 November 2013

Prudential Indicators 2013/14 – 2015/16 update

**PRUDENTIAL INDICATORS UPDATE – FOR 2013/14 TO 2015/16
(EXECUTIVE – 20 AUGUST 2013)**

CAPITAL EXPENDITURE & EXTERNAL DEBT INDICATORS	Comment																																				
<p>1 Estimated Ratio of capital financing costs to the net Revenue Budget</p> <p>(a) <i>Formally required Indicator</i></p> <p>This reflects capital financing costs (principal plus interest) on external debt plus PFI and finance leasing charges less interest earned on the temporary investment of cash balances.</p> <p>The estimated ratios of financing costs to the net Revenue Budget for the current and future years, and the actual figures for 2011/12 and 2012/13 are as follows:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: center;">Year</th> <th style="text-align: center;">Executive 5 February 2013 Basis %</th> <th style="text-align: center;">Update August 2013 Basis %</th> </tr> </thead> <tbody> <tr> <td>2011/12</td> <td style="text-align: center;">8.5</td> <td style="text-align: center;">actual 8.5</td> </tr> <tr> <td>2012/13</td> <td style="text-align: center;">8.1</td> <td style="text-align: center;">actual 8.1</td> </tr> <tr> <td>2013/14</td> <td style="text-align: center;">7.9</td> <td style="text-align: center;">estimate 7.9</td> </tr> <tr> <td>2014/15</td> <td style="text-align: center;">8.0</td> <td style="text-align: center;">estimate 7.8</td> </tr> <tr> <td>2015/16</td> <td style="text-align: center;">7.9</td> <td style="text-align: center;">estimate 7.8</td> </tr> </tbody> </table> <p>(b) <i>Local Indicator</i></p> <p>This local Indicator reflects a policy decision to cap Capital Financing costs at 11% of the net annual Revenue Budget. The Indicator is different to the formally required Indicator at (a) above in that it only reflects the cost components of interest on external debt plus lost interest on internally financed capital expenditure, together with a revenue provision for debt repayment. Unlike the formally required PI it does not reflect interest earned on surplus cash balances or PFI / finance leasing charges.</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: center;">Year</th> <th style="text-align: center;">Executive 5 February 2013 Basis %</th> <th style="text-align: center;">Update August 2013 Basis %</th> </tr> </thead> <tbody> <tr> <td>2011/12</td> <td style="text-align: center;">9.1</td> <td style="text-align: center;">actual 9.1</td> </tr> <tr> <td>2012/13</td> <td style="text-align: center;">8.8</td> <td style="text-align: center;">actual 8.8</td> </tr> <tr> <td>2013/14</td> <td style="text-align: center;">8.3</td> <td style="text-align: center;">estimate 8.1</td> </tr> <tr> <td>2014/15</td> <td style="text-align: center;">8.4</td> <td style="text-align: center;">estimate 8.1</td> </tr> <tr> <td>2015/16</td> <td style="text-align: center;">8.5</td> <td style="text-align: center;">estimate 8.4</td> </tr> </tbody> </table>	Year	Executive 5 February 2013 Basis %	Update August 2013 Basis %	2011/12	8.5	actual 8.5	2012/13	8.1	actual 8.1	2013/14	7.9	estimate 7.9	2014/15	8.0	estimate 7.8	2015/16	7.9	estimate 7.8	Year	Executive 5 February 2013 Basis %	Update August 2013 Basis %	2011/12	9.1	actual 9.1	2012/13	8.8	actual 8.8	2013/14	8.3	estimate 8.1	2014/15	8.4	estimate 8.1	2015/16	8.5	estimate 8.4	<p>The estimates of financing costs include current Capital Plan commitments based on the latest 2013/14 Q1 Capital Plan.</p> <p>The updated estimates for 2013/14 to 2015/16 reflect the net effect of a range of factors, principally</p> <p>(a) savings being achieved through the ongoing policy of financing capital borrowing requirements internally from cash balances</p> <p>(b) variations in the level of annual borrowing requirements resulting from a range of factors, but principally capital expenditure slippage between years</p> <p>(c) variations in borrowing costs (interest plus a revenue provision for debt repayment) reflecting latest interest rate forecasts to 2015/16</p> <p>(d) variations in interest earned on cash balances resulting from continuing current historically low interest rates but offset by continuing higher levels of cash balances (formal Indicator only).</p>
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Prudential Indicator	Comment																
<p>2 Estimates of the incremental impact of capital investment decisions on the Council Tax</p> <p>In considering its programme for future capital investment, the County Council is required within the Prudential Code to have regard to:</p> <ul style="list-style-type: none"> ➔ affordability (eg implications for Council Tax) ➔ prudence and sustainability (eg implications for external borrowing) ➔ value for money (eg option appraisal) ➔ stewardship of assets (eg asset management planning) ➔ service objectives (eg strategic planning for the authority) ➔ practicality (eg achievability of the Capital Plan) <p>A key measure of affordability is the incremental impact on Council Tax. The County Council can consider different options for its capital investment programme based on their differential impact on the Council Tax.</p> <p>The estimate of the incremental impact on Council Tax (at Band D) of past capital investment decisions which are reflected in the latest Capital Plan and also in the Revenue Budget for 2013/14 and Medium Term Financial Strategy compared with the 2012/13 Council Tax are:</p> <table border="1" data-bbox="965 1899 1125 2027"> <thead> <tr> <th>Year</th> <th>Update August 2013 Basis £ - p</th> <th>Executive 5 February 2013 Basis £ - p</th> <th>Update August 2013 Basis £ - p</th> </tr> </thead> <tbody> <tr> <td>2013/14</td> <td>+ 1.24</td> <td>+ 1.24</td> <td>+ 1.24</td> </tr> <tr> <td>2014/15</td> <td>+ 2.59</td> <td>+ 2.59</td> <td>+ 2.59</td> </tr> <tr> <td>2015/16</td> <td>+ 3.96</td> <td>+ 3.96</td> <td>+ 3.96</td> </tr> </tbody> </table>	Year	Update August 2013 Basis £ - p	Executive 5 February 2013 Basis £ - p	Update August 2013 Basis £ - p	2013/14	+ 1.24	+ 1.24	+ 1.24	2014/15	+ 2.59	+ 2.59	+ 2.59	2015/16	+ 3.96	+ 3.96	+ 3.96	<p>This Indicator shows the incremental impact on Band D Council Tax of the capital financing costs resulting from borrowing required to fund the Capital Plan. This borrowing includes the funding shortfall of capital bids approved by Executive in February 2004, as part of the 10 year Capital Forecast projection, together with a number of subsequent funding approvals. The 10 year Capital Forecast is due to be reviewed and updated during 2013/14.</p> <p>Debt charges from Invest to Save schemes and certain other capital provisions are, however, excluded as these are deemed to be self financed from within Directorate revenue budgets and thus do not impact on Council Tax levels</p> <p>As indicated above, debt charges resulting from borrowing approvals issued by the Government in the years prior to 2011/12 are also excluded from this calculation.</p> <p>No changes are proposed to these figures for the time being.</p> <p>The estimated figures for the three years 2014/15 to 2016/17 will need to be updated as part of the 2014/15 Budget process and review of the Medium Term Financial Strategy.</p>
Year	Update August 2013 Basis £ - p	Executive 5 February 2013 Basis £ - p	Update August 2013 Basis £ - p														
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	Prudential Indicator	Comment																		
<p>3 Capital Expenditure - Actual and Forecasts</p> <p>The actual capital expenditure that was incurred in 2011/12 and 2012/13 and the latest estimates of capital expenditure to be incurred for the current and future years are:</p> <table border="1" data-bbox="470 1892 694 2027"> <thead> <tr> <th>Year</th> <th>Executive 5 February 2013 Basis £m</th> <th>Update August 2013 Basis £m</th> </tr> </thead> <tbody> <tr> <td>2011/12</td> <td>99.2</td> <td>actual 99.2</td> </tr> <tr> <td>2012/13</td> <td>71.1</td> <td>actual 72.0</td> </tr> <tr> <td>2013/14</td> <td>87.6</td> <td>estimate 93.1</td> </tr> <tr> <td>2014/15</td> <td>85.8</td> <td>estimate 90.4</td> </tr> <tr> <td>2015/16</td> <td>85.0</td> <td>estimate 80.5</td> </tr> </tbody> </table> <p>The above figures reflect the updated Capital Plan (Q1 2013/14) together with:-</p> <ul style="list-style-type: none"> (i) expenditure on fixed assets funded directly from the Revenue Budget and not included in the Capital Plan. (ii) an estimated allowance for future expenditure re-phasing between years. 	Year	Executive 5 February 2013 Basis £m	Update August 2013 Basis £m	2011/12	99.2	actual 99.2	2012/13	71.1	actual 72.0	2013/14	87.6	estimate 93.1	2014/15	85.8	estimate 90.4	2015/16	85.0	estimate 80.5	<p>The Indicators approved by Executive on 5 February 2013 were based on a Capital Plan approved by Executive in November 2012 as adjusted for a number of provisional variations. This Indicator now reflects the Capital Outturn in 2012/13 and the Capital Plan update for Q1 2013/14.</p> <p>The variations are principally a result of:-</p> <ul style="list-style-type: none"> (a) additional provisions and variations to existing provisions which are self-funded from Capital Grants and Contributions, revenue contribution, (including the PIP) and earmarked capital receipts (b) Capital expenditure re-phasing between years including slippage from 2013/14 to later years (c) various other Capital approvals and refinements reflected in the latest Capital Plan update 	
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4	Capital Financing Requirement (CFR)		<p>Actuals and estimates of the Capital Financing Requirement (CFR) at the defined year ends are as follows:</p> <table border="1" data-bbox="406 71 917 660"> <thead> <tr> <th rowspan="2">Date</th> <th colspan="3">Executive 5 February 2013</th> <th colspan="3">Update August 2013</th> </tr> <tr> <th>Basis</th> <th>Borrowing</th> <th>Long Term liabilities (PFI etc)</th> <th>Basis</th> <th>Borrowing</th> <th>Long Term liabilities (PFI etc)</th> <th>Total</th> </tr> <tr> <td></td> <td></td> <td>£m</td> <td>£m</td> <td></td> <td>£m</td> <td>£m</td> <td>£m</td> </tr> </thead> <tbody> <tr> <td>31 Mar 12</td> <td>actual</td> <td>399.4</td> <td>6.3</td> <td>actual</td> <td>399.4</td> <td>6.3</td> <td>405.7</td> </tr> <tr> <td>31 Mar 13</td> <td>probable</td> <td>385.9</td> <td>6.0</td> <td>actual</td> <td>382.7</td> <td>6.0</td> <td>388.7</td> </tr> <tr> <td>31 Mar 14</td> <td>estimate</td> <td>381.4</td> <td>5.8</td> <td>estimate</td> <td>375.2</td> <td>5.8</td> <td>381.0</td> </tr> <tr> <td>31 Mar 15</td> <td>estimate</td> <td>373.7</td> <td>5.8</td> <td>estimate</td> <td>374.4</td> <td>5.8</td> <td>380.2</td> </tr> <tr> <td>31 Mar 16</td> <td>estimate</td> <td>364.0</td> <td>5.5</td> <td>estimate</td> <td>367.8</td> <td>5.5</td> <td>373.3</td> </tr> </tbody> </table> <p>The CFR measures the underlying need for the County Council to borrow for capital purposes. In accordance with best professional practice, the County Council does not earmark borrowing to specific items or types of expenditure. The County Council has an integrated treasury management approach and has adopted the CIPFA Code of Practice for Treasury Management. The County Council has, at any point in time, a number of cashflows, both positive and negative, and manages its treasury position in terms of its overall borrowings and investments in accordance with approved Annual Treasury Management Strategy. In day to day cash management, no distinction is made between revenue and capital cash. External borrowing arises as a consequence of all the financial transactions of the County Council as a whole and not simply those arising from capital spending. In contrast, the CFR Indicator reflects the County Council's underlying need to borrow for capital purposes only.</p>	Date	Executive 5 February 2013			Update August 2013			Basis	Borrowing	Long Term liabilities (PFI etc)	Basis	Borrowing	Long Term liabilities (PFI etc)	Total			£m	£m		£m	£m	£m	31 Mar 12	actual	399.4	6.3	actual	399.4	6.3	405.7	31 Mar 13	probable	385.9	6.0	actual	382.7	6.0	388.7	31 Mar 14	estimate	381.4	5.8	estimate	375.2	5.8	381.0	31 Mar 15	estimate	373.7	5.8	estimate	374.4	5.8	380.2	31 Mar 16	estimate	364.0	5.5	estimate	367.8	5.5	373.3	<p>The February 2013 figures were based on a Capital Plan approved by Executive in November 2012, as adjusted for a number of provisional variations.</p> <p>The updated figures reflect the following variations to the February 2013 figures</p> <p>(a) re-phasing between years of expenditure that is funded from borrowing including slippage from 2013/14 to later years identified at Q1 2013/14</p> <p>(b) capital receipts (including company loans) slippage between years that affect year on year borrowing requirements</p> <p>(c) variations in the level of the Corporate Capital Pot which is used in lieu of new borrowing until the Pot is required</p> <p>(d) additions and variations to schemes/provisions approved that are funded from Prudential Borrowing</p> <p>(e) variations in the annual Minimum Revenue Provision for debt Repayment which arise from the above</p> <p>(f) various other refinements</p>	
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Prudential Indicator	Comment
<p>5 Gross Debt and the Capital Financing Requirement</p> <p>The Prudential Code emphasises that in order to ensure that over the medium term debt will only be for a capital purpose, the County Council should ensure that debt does not, except in the short term, exceed the total of the capital financing requirement in the previous year (2012/13), plus the estimate of any additional capital financing requirement for the current (2013/14) and next two financial years (2014/15 and 2015/16). If, in any of these years, there is a reduction in the capital financing requirement, this reduction should be ignored in estimating the cumulative increase in the capital financing requirement which is used for comparison with gross external debt.</p> <p>This Prudential Indicator is referred to as gross debt and the comparison with the capital financing requirement (Indicator 4) and is a key indicator of prudence.</p> <p>The Corporate Director – Strategic Resources reports that the County Council had no difficulty in meeting this requirement up to 2012/13 nor are any difficulties envisaged for the current or future years of the Medium Term Financial Strategy up to 2014/15. For subsequent years, however, the County Council may not be able to comply with the new requirement as a result of the potential for the annual Minimum Revenue Provision (MRP) reducing the Capital Financing Requirement below gross debt. This potential situation will be monitored closely. This opinion takes into account spending commitments, existing and proposed Capital Plans and the proposals in the separate Revenue Budget 2013/14 and Medium Term Financial Strategy report.</p>	<p>This Prudential Indicator was changed from 2013/14 to reflect the comparison of gross debt (external debt plus other long term liabilities less debt administered on behalf of the Police Authority) with the Capital Financing Requirement (CFR). The comparator debt figure had previously been net debt which was gross debt less investments.</p> <p>The Prudential Code requires that where there is a significant difference between the gross debt and the gross borrowing requirement, as demonstrated by the CFR, then the risks and benefits associated with this strategy should be clearly stated in the annual Treasury Management Strategy. This is covered in paragraphs 8.4 to 8.12 of the Annual Treasury Management and Investment Strategy as submitted to Executive on 5 February 2013.</p> <p>The County Council's gross debt figure is currently significantly below the CFR figures shown in Indicator 4 because of annual capital borrowing requirements being funded internally from cash balances (ie running down investments) rather than taking out new external debt.</p> <p>This situation, however, could be reversed in future as a result of two key factors:</p> <ul style="list-style-type: none"> (i) externalising some or all of the internally financed CFR together with (ii) the potential for the annual Minimum Revenue Provision (MRP) for debt repayment reducing the CFR below gross debt because the debt cannot readily be prematurely repaid without incurring significant penalties (premiums). <p>This potential situation will be monitored carefully by the Corporate Director – Strategic Resources.</p>

Prudential Indicator	Comment																																																	
<p>6 Authorised Limit for External Debt</p> <p>In respect of its external debt, it is recommended that the County Council approves the following Authorised Limits for its total external debt for the next three financial years.</p> <p>The Prudential Code requires external borrowing and other long term liabilities (PFI and Finance leases) to be identified separately.</p> <p>The authorised limit for 2013/14 (£413.5m) will be the statutory limit determined under section 3(1) of the Local Government Act 2003.</p> <table border="1" data-bbox="630 1975 909 2107"> <thead> <tr> <th>Year</th> <th>Executive 5 February 2013</th> <th>Update August 2013</th> </tr> <tr> <th></th> <th>External Borrowing</th> <th>External Borrowing</th> </tr> <tr> <th></th> <th>£m</th> <th>£m</th> </tr> </thead> <tbody> <tr> <td>2012/13</td> <td>442.2</td> <td>N/A</td> </tr> <tr> <td>2013/14</td> <td>416.3</td> <td>407.7</td> </tr> <tr> <td>2014/15</td> <td>442.3</td> <td>444.0</td> </tr> <tr> <td>2015/16</td> <td>405.3</td> <td>410.2</td> </tr> </tbody> </table> <table border="1" data-bbox="630 1447 909 1939"> <thead> <tr> <th colspan="2">Executive 5 February 2013</th> <th colspan="2">Update August 2013</th> </tr> <tr> <th>Other long term liabilities</th> <th>Total Borrowing Limit</th> <th>Other long term liabilities</th> <th>Total Borrowing Limit</th> </tr> <tr> <th>£m</th> <th>£m</th> <th>£m</th> <th>£m</th> </tr> </thead> <tbody> <tr> <td>6.0</td> <td>448.2</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>5.8</td> <td>422.1</td> <td>5.8</td> <td>413.5</td> </tr> <tr> <td>5.8</td> <td>448.1</td> <td>5.8</td> <td>449.8</td> </tr> <tr> <td>5.5</td> <td>410.8</td> <td>5.5</td> <td>415.7</td> </tr> </tbody> </table>	Year	Executive 5 February 2013	Update August 2013		External Borrowing	External Borrowing		£m	£m	2012/13	442.2	N/A	2013/14	416.3	407.7	2014/15	442.3	444.0	2015/16	405.3	410.2	Executive 5 February 2013		Update August 2013		Other long term liabilities	Total Borrowing Limit	Other long term liabilities	Total Borrowing Limit	£m	£m	£m	£m	6.0	448.2	N/A	N/A	5.8	422.1	5.8	413.5	5.8	448.1	5.8	449.8	5.5	410.8	5.5	415.7	<p>The Corporate Director – Strategic Resources confirms that these authorised limits are consistent with the County Council's current commitments, updated Capital Plan and the financing of that Plan, the 2013/14 Revenue Budget and updated Medium Term Financial Strategy and with its approved Treasury Management Policy Statement.</p> <p>The Corporate Director – Strategic Resources also confirms that the limits are based on the estimate of most likely prudent, but not worst case, scenario with sufficient headroom over and above this to allow for operational issues (eg unusual cash movements). To derive these limits a risk analysis has been applied to the Capital Plan, estimates of the capital financing requirement and estimates of cashflow requirements for all purposes.</p> <p>The updated figures reflect a number of refinements which are also common to the Capital Financing Requirement (see Indicator 4) and Operational Boundary for external debt (see Indicator 7). Explanations for these changes are provided under Indicators 4 and 7 respectively.</p>
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<p>7 Operational Boundary for External Debt</p> <p>It is recommended that the County Council approves the following Operational Boundary for external debt for the same period.</p> <p>The proposed operational boundary for external debt is based on the same estimates as the Authorised Limit (ie Indicator 6 above) but also reflects an estimate of the most likely prudent, but not worst case, scenario without the additional headroom included within the Authorised Limit to allow for eg unusual cash flows.</p> <table border="1" data-bbox="628 1975 911 2107"> <thead> <tr> <th>Year</th> <th>External Borrowing £m</th> <th>Other long term liabilities £m</th> <th>Total Borrowing Limit £m</th> </tr> </thead> <tbody> <tr> <td>2012/13</td> <td>422.2</td> <td>6.0</td> <td>428.2</td> </tr> <tr> <td>2013/14</td> <td>396.3</td> <td>5.8</td> <td>402.1</td> </tr> <tr> <td>2014/15</td> <td>422.3</td> <td>5.8</td> <td>428.1</td> </tr> <tr> <td>2015/16</td> <td>385.3</td> <td>5.5</td> <td>390.8</td> </tr> </tbody> </table> <table border="1" data-bbox="628 1413 911 1939"> <thead> <tr> <th colspan="4">Executive 5 February 2013</th> </tr> <tr> <th>External Borrowing £m</th> <th>Other long term liabilities £m</th> <th>Total Borrowing Limit £m</th> <th></th> </tr> </thead> <tbody> <tr> <td>422.2</td> <td>6.0</td> <td>428.2</td> <td></td> </tr> <tr> <td>396.3</td> <td>5.8</td> <td>402.1</td> <td></td> </tr> <tr> <td>422.3</td> <td>5.8</td> <td>428.1</td> <td></td> </tr> <tr> <td>385.3</td> <td>5.5</td> <td>390.8</td> <td></td> </tr> </tbody> </table> <table border="1" data-bbox="628 887 911 1375"> <thead> <tr> <th colspan="4">Update August 2013</th> </tr> <tr> <th>External Borrowing £m</th> <th>Other long term liabilities £m</th> <th>Total Borrowing Limit £m</th> <th></th> </tr> </thead> <tbody> <tr> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td></td> </tr> <tr> <td>387.7</td> <td>5.8</td> <td>393.5</td> <td></td> </tr> <tr> <td>424.0</td> <td>5.8</td> <td>429.8</td> <td></td> </tr> <tr> <td>390.2</td> <td>5.5</td> <td>395.7</td> <td></td> </tr> </tbody> </table>	Year	External Borrowing £m	Other long term liabilities £m	Total Borrowing Limit £m	2012/13	422.2	6.0	428.2	2013/14	396.3	5.8	402.1	2014/15	422.3	5.8	428.1	2015/16	385.3	5.5	390.8	Executive 5 February 2013				External Borrowing £m	Other long term liabilities £m	Total Borrowing Limit £m		422.2	6.0	428.2		396.3	5.8	402.1		422.3	5.8	428.1		385.3	5.5	390.8		Update August 2013				External Borrowing £m	Other long term liabilities £m	Total Borrowing Limit £m		N/A	N/A	N/A		387.7	5.8	393.5		424.0	5.8	429.8		390.2	5.5	395.7		<p>The Operational Boundary represents a key management tool for the in year monitoring of external debt by the Corporate Director – Strategic Resources.</p> <p>The updated figures reflect refinements which are common to the Capital Financing Requirement (see Indicator 4 above), together with</p> <p>(a) relative levels of capital expenditure funded internally from cash balances rather than taking external debt</p> <p>(b) loan repayment cover arrangements and the timing of such arrangements</p> <p>These two financing transactions affect external debt levels at any one point of time during the financial year but do not impact on the Capital Financing Requirement.</p>
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<p align="center">TREASURY MANAGEMENT INDICATORS</p> <p>10 Adoption of CIPFA Code of Practice for Treasury Management</p>	<p>The County Council formally adopted the 2009 revised CIPFA Code of Practice for Treasury Management in the Public Service on 17 February 2010 and a further update to the Code in 2011 was adopted by the County Council on 15 February 2012.</p>																														
<p>11 Interest Rate Exposures</p> <p>In accordance with the Code of Practice the County Council sets upper and lower limits on its fixed and variable interest rate exposures as a percentage of outstanding principal sums for 2013/14, 2014/15 and 2015/16 as set out below -</p> <table border="0" data-bbox="558 922 1117 2101"> <thead> <tr> <th></th> <th>Lower %</th> <th>Upper %</th> </tr> </thead> <tbody> <tr> <td>Borrowing</td> <td></td> <td></td> </tr> <tr> <td>• Fixed</td> <td>60</td> <td>100</td> </tr> <tr> <td>• Variable</td> <td>0</td> <td>40</td> </tr> <tr> <td>Investments</td> <td></td> <td></td> </tr> <tr> <td>• Fixed</td> <td>0</td> <td>30</td> </tr> <tr> <td>• Variable</td> <td>70</td> <td>100</td> </tr> <tr> <td>Combined Net Borrowing and Investments</td> <td></td> <td></td> </tr> <tr> <td>• Fixed</td> <td>140</td> <td>(was 130) 190</td> </tr> <tr> <td>• Variable</td> <td>-40</td> <td>(was -30) -90</td> </tr> </tbody> </table>		Lower %	Upper %	Borrowing			• Fixed	60	100	• Variable	0	40	Investments			• Fixed	0	30	• Variable	70	100	Combined Net Borrowing and Investments			• Fixed	140	(was 130) 190	• Variable	-40	(was -30) -90	<p>No changes to the individual borrowing and investment limits are required but there is a change to the combined limits.</p> <p>This means that the Corporate Director – Strategic Resources, will</p> <p>for borrowing manage fixed interest rate exposure within the range 60% to 100% of outstanding principal and variable interest rate exposure within the range 0% to 40% of outstanding principal</p> <p>for investments manage fixed interest rate exposure within the range 0% to 30% of outstanding principal and variable rate exposure within the range 70% to 100% of outstanding principal. The split of investments between fixed and variable rates is based on the market convention that investments up to 365 days are regarded as being at variable rates.</p> <p>The combined net borrowing and investment position represents the formal Prudential Indicator for Interest Rate Exposures. On its own however it does not show clearly how borrowing and investments will be managed, hence the two separate 'local indicators' shown above. The change reflects the impact on the indicator of a continuing high level of cash balances and consequential investments which are all on variable interest rates.</p>
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<p>12 Maturity Structure of Borrowing</p> <p>The upper and lower limits for the maturity structure of County Council borrowings are as follows:-</p> <p>The amount of projected borrowing maturing in each period as a percentage of total projected borrowing that is fixed rate:</p> <table border="1" data-bbox="564 1016 991 2011"> <thead> <tr> <th>Period</th> <th>Lower Limit %</th> <th>Upper Limit %</th> <th>Memo item - actual at 1 April 12 %</th> <th>1 April 13 %</th> </tr> </thead> <tbody> <tr> <td>under 12 months</td> <td>0</td> <td>50</td> <td>7</td> <td>2</td> </tr> <tr> <td>12 months & within 24 months</td> <td>0</td> <td>15</td> <td>1</td> <td>11</td> </tr> <tr> <td>24 months & within 5 years</td> <td>0</td> <td>45</td> <td>15</td> <td>11</td> </tr> <tr> <td>5 years & within 10 years</td> <td>0</td> <td>75</td> <td>23</td> <td>23</td> </tr> <tr> <td>10 years and within 25 years</td> <td>10</td> <td>100</td> <td>13</td> <td>10</td> </tr> <tr> <td>25 years and within 50 years</td> <td>10</td> <td>100</td> <td>41</td> <td>43</td> </tr> <tr> <td></td> <td></td> <td></td> <td>100</td> <td>100</td> </tr> </tbody> </table>	Period	Lower Limit %	Upper Limit %	Memo item - actual at 1 April 12 %	1 April 13 %	under 12 months	0	50	7	2	12 months & within 24 months	0	15	1	11	24 months & within 5 years	0	45	15	11	5 years & within 10 years	0	75	23	23	10 years and within 25 years	10	100	13	10	25 years and within 50 years	10	100	41	43				100	100	<p>No changes to these limits approved by Executive on 5 February 2013 and County Council on 20 February 2013 are proposed.</p> <p>The lower limits of 10% for the periods 10 to 25 years and 25 to 50 years is designed to ensure that the County Council does not have the risk of having to repay all debt within a ten year period.</p>
Period	Lower Limit %	Upper Limit %	Memo item - actual at 1 April 12 %	1 April 13 %																																					
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25 years and within 50 years	10	100	41	43																																					
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Prudential Indicator	Comment
<p>13 Total Principal Sums Invested for periods longer than 364 days</p> <p>The 2013/14 aggregate limit of £12m for 'non specified' investments longer than 364 days is based on a maximum of 20% of estimated 'core cash funds' up to 2015/16 being made available for such investments.</p> <p>The purpose of this prudential limit for principal sums invested for longer than 364 days is for the County Council to contain its exposure to the possibility of loss that might arise as a result of it having to seek early repayment or redemption of principal sums invested.</p>	<p>No change to this limit is proposed.</p> <p>The County Council currently has no such investments that fall into this category.</p> <p>Prior to 1 April 2004, Regulations generally prevented local authorities from investing for longer than 364 days. As a result of the Prudential Regime however, these prescriptive regulations were abolished and replaced with Government Guidance from April 2004.</p> <p>This Guidance gives authorities more freedom in their choice of investments (including investing for periods longer than 364 days) and recognises that a potentially higher return can be achieved by taking a higher (ie longer term) risk.</p> <p>This flexibility requires authorities to produce an Annual Investment Strategy that classifies investments as either Specified (liquid, secure, high credit rating & less than 365 days) or Non Specified (other investments of a higher risk). Non Specified investments are perfectly allowable but the criteria and risks involved must be vigorously assessed, including professional advice, where appropriate. Therefore investments for 364 days+ are allowable as a Non Specified investment under the Government Guidance. The use of such investments is therefore now incorporated into the County Council's Annual Treasury Management and Investment Strategy.</p>

6.0 Capital Plan

Overview

- 6.1 The section of the report provides an update of the overall Capital Plan and its financing in the light of ongoing policy and operational developments.
- 6.2 The supporting information for this section of the report is contained in **Annex I** which consists of several appendices that are referred to in the text.
- 6.3 Details at individual scheme/project level are not attached to this report but are available on request. However summaries for each Directorate analysed into the main areas of capital spending are attached as **Appendices A to D**, with an overall summary being shown in **Appendix E**.
- 6.4 The updated Capital Plan for Q1 2013/14 is based on the last version (Q3 2012/13) approved by Executive on 26 February 2013 but incorporates the following:-
- the carry forward of net under and overspending from 2012/13 as approved by Executive on 18 June 2013
 - the carry forward of under and overspending from 2012/13 that are self funded from grants and contributions
 - additions or variations to schemes that are self funded (ie through grants contributions, revenue contributions and earmarked capital receipts)
 - re-phasing of expenditure between years
 - virements between schemes resulting from variations in scheme costs (eg arising from a tender process) and ongoing reassessments between priorities within a Directorate's finite control total
 - additional schemes and provision approved by Executive
 - various other miscellaneous refinements
- 6.5 A summary of the changes compared with the last version (Q3 2012/13) approved by Executive on 26 February 2013 is attached as part of **Appendix E**.

Latest Position

6.6 A summary of the latest Capital position (gross spend) at Directorate level is as follows:-

Directorate/Component	Appendix to Annex I	2013/14	2014/15	20/15/16	Later Years
		£m	£m	£m	£m
Health and Adult Services	A	5.0	8.1	4.5	5.5
Business and Environmental Service	B	53.1	54.2	49.8	27.6
Children’s and Young People’s Service	C	26.7	27.8	21.4	17.9
Central Services	D	12.5	3.0	2.0	-
Overall County Total	E	97.3	93.1	77.7	51.0

6.7 The table above indicates planned gross capital spend £97.3m in 2013/14, £93.1m in 2014/15 and £77.7m in 2015/16 but as previously reported these totals do include a limited number of significant individual schemes and provisions as follows:

Directorate / Scheme	2013/14	2014/15	2015/16
	£m	£m	£m
Health and Adult Services			
Our Future Lives – Extra Care Scheme	0	3.5	2.0
Our Future Lives – Older People’s Resource Centre	0.1	3.7	1.9
Valuing People – Day Service Provision	3.7	0.1	0
Business & Environmental Services			
New and Replacement Road Lighting Columns	1.4	1.1	0.2
Waste Procurement Project	0	2.0	3.0
Integrated Transport	2.8	1.4	5.8
Maintenance of Roads and Bridges	34.5	29.9	20.6
Winter Maintenance of Roads	3.9	2.1	0
Regional Funding Allocation	0.7	0.9	0.3
Bedale-Aiskew-Leeming Bar Major Scheme	0.7	11.8	18.1
Growing Places Fund	4.9	4.1	1.9
Local Sustainable Transport Fund	3.3	1.1	0
Children & Young People’s Service			
Major Capital Schemes at Schools	1.8	2.5	0
School Improvements	3.0	2.7	2.8
Health and Safety	0.5	0.8	1.0
Other Capital Funding Schemes 2008-11	1.4	0.7	1.6
Basic Needs 2011/12	6.3	6.0	4.7
Capital Maintenance Grant Funded Schemes	0.3	1.2	0
Capitalised Repairs and Maintenance	4.4	5.3	5.2
Schools Invest to Save Schemes	1.2	0.6	0
Facilities for disabled children	0.6	0.7	0
Devolved Capital (School Schemes)	3.0	3.0	3.0
Self Help Schemes (School Schemes)	2.1	1.1	1.0
Central Services			
Affordable Housing Fund	0.6	0.5	0
Bright Office Schemes	2.3	0	0
ICT Infrastructure	1.5	0.7	0.8
SDT Refresh	0.6	0.6	0.6
Loans to Limited Companies	4.9	0	0
	90.5	88.1	74.5
All other schemes and provisions	6.8	5.0	3.2
Total	97.3	93.1	77.7

It is clear from this analysis that a relatively few individual schemes and provisions make up over 90% of the total planned capital spend in each year; any slippage or delays in these individual schemes will therefore have a significant consequential impact on overall Plan delivery, consequential financing requirements etc.

- 6.8 Following the table in **paragraph 6.7** above, a summary of the changes reflected in the latest Capital Plan compared with that approved on 26 February 2013 is as follows:-

Item	2013/14	2014/15	2015/16	Later Years
	£m	£m	£m	£m
Capital Plan approved on 26 February 2013	93.1	82.5	79.2	55.8
Schemes funded from Prudential Borrowing	5.3	-2.3	-	-
Variations in Self funded schemes	6.6	3.2	-3.2	-1.2
Re-phasing between years (paragraph 6.9)				
2012/13 variations rolled forward				
Self funded from grants etc	-1.2			
Net underspend	1.3			
Q1 2013/14 variations				
Self funded from grants etc	0.3	-0.5	0.2	
Net underspend	-8.1	10.2	1.5	-3.6
= updated Capital Plan at Q1 2013/14	97.3	93.1	77.7	51.0
Variation since Q3 2012/13	+4.2	+10.6	-1.5	-4.8

Appendix E provides a breakdown of the figures in the above table into individual Directorates.

- 6.9 The table in **paragraph 6.8** above indicates that after reflecting the carry forward of underspends from 2012/13 (both net and self funded from grants and contributions) the Q1 Capital Plan update is showing an overall £7.8m of expenditure re-phasing from 2013/14 to later years since the last Q3 update. Of this re-phasing, £0.3m is 'backwards' re-phasing into 2013/14 self funded from grants and contributions and £8.1m is 'forwards' re-phasing funded from a combination of capital receipts and borrowing.

The main areas of this £7.8m re-phasing from 2013/14 to later years between the Q3 report in 2012/13 and this Q1 2013/14 update are listed below with explanations provided in **paragraph 6.10** below where appropriate.

Scheme	Self Funded	From Borrowing/ Capital Receipts
	£m	£m
HAS		
Older People's Resource Centre		-1.8
Valuing People projects (see Changing Places & Selby project in para 6.10(b))		-0.3
Extra Care Schemes		-1.0
BES		
Waste Management Services	-0.8	
Regional Funding allocation	-0.8	
Growing Places Loans	-0.5	0.5
Waste Procurement Project		-1.0
Structural Maintenance of Roads		-1.6
CYPS		
Devolved Capital	1.9	
Capital Planned Maintenance	1.9	-1.4
Major Capital Projects		-1.5
Central Services		
ICT Infrastructure	-0.6	
Super Fast Broadband	-0.3	
Everything Else (Net)	-0.5	
Total gross re-phasing from 2013/14 to later years between as reported at Q3 2012/13 and Q1 2013/14	0.3	-8.1

-£7.8m

6.10 Comments on significant projects and variations reflected in the updated Capital Plan

(a) Business & Environmental Services

Local Transport Plan (LTP)

The Local Transport Plan capital grant is allocated (but not ring fenced) across the two broad headings of Integrated Transport and Structural Maintenance. In setting the Highways Capital Programme at the beginning of each financial year, LTP grant is reallocated across the Capital Plan. The Highways Capital Programme 2013/14 and 2014/15 was reported to BES Executive Members on 13 May 2013 and set out the 2013/14 allocation of capital funding, which is now reflected in the Capital Plan. This has resulted in:

- re-phasing of Structural Maintenance expenditure of £1,624k from 2013/14 to 2014/15
- £917k has also been transferred from Integrated Transport to Road Lighting in both 2013/14 and 2014/15
- winter damage works (£2m) and drainage works (£857k) now included in the Q1 Capital Plan, both funded from revenue.

The A174 coastal slope stabilisation scheme has also been brought into the Capital Plan at Q1 including Environment Agency grant of £2,152k (2013/14) and £2,611k (2014/15).

Waste Management Service

Capital expenditure of £770k relating to the Catterick waste site has been rephased from 2013/14 to 2014/15 to reflect that, if approved, work will not be undertaken until 2014/15.

Waste Procurement Project

The Capital Plan has been updated to reflect the latest expenditure forecast. This has resulted in £1m being rephased from 2013/14 to 2014/15.

Growing Places

Although this scheme is considered as part of the County Council's Capital Plan as the Council is the accountable body, it is the LEP that takes decisions on which projects are to be awarded loan funding. The financing set out in the Capital Plan reflects the fact that successful projects are awarded loans, which are repaid over varying periods. A long term cash flow mechanism is in place to ensure that available funds are not over committed at any point taking grant available and loan repayments into consideration. The scheme profile has been updated as per forecasts and now reflects the reinvestment of funds repaid.

Tour De France

There are proposals in the revenue **Section 5** of this quarterly performance and budget monitoring report in relation to the 'Tour de France' that will impact on the BES Capital Plan. The total forecast costs to the County Council of hosting this event in 2014 are £6.4m net of current indicative Government funding. This £6.4m includes £4.2m Accelerated capital highways maintenance which is proposed to be funded from the LTP (£2.2m in 2013/14) and the Corporate Capital Pot (£2m in 2014/15). If these proposals are agreed by Members the BES Q2 Capital Plan will be updated accordingly.

Local Transport Body Funding

A report to the Executive on 23 July 2013 noted that the funding allocation for the Local Transport Body was £9.6m, this being one third below the indicative allocation. The County Council acts as the accountable body for these funds.

Once decisions have been made by the Local Transport Body regarding the allocation of this funding the appropriate amounts will be incorporated into the Capital Plan.

(b) **Health and Adult Services**

In addition to the carry-forward of the net underspend from 2012/13 (£236k) into the relevant scheme budgets the major changes to the HAS capital plan include:-

Maintaining Fabric/Facilities of Properties

£85k of funding has been pulled forward to the current year budget to undertake the programme of energy management controls.

Extra Care Schemes

£1m from the general provision for these projects has been slipped to 2014/15 to reflect the impact of the current strategy on development of these schemes.

Resource Centre Schemes

£1.81m has been slipped to 2014/15 in recognition of the on-going discussions about the future of this programme.

Changing Places Schemes

£60k of earmarked money has been slipped to 2014/15 to reflect the difficulty of identifying suitable sites for these developments.

Selby Learning Disabilities/Campus Project

The anticipated scheme costs have been reduced following the tender process and the resulting saving (£150k) has been transferred to the 2014/15 general provision for learning disability developments.

(c) **Children and Young People's Service**

Major Capital Schemes – Low/High Bentham

A number of issues have led to the re-procurement of this scheme including the submission of a non compliant tender. This has resulted in increased projected costs in spite of further value engineering being undertaken to bring costs down. The delays in the procurement process and outstanding planning risks are having an impact on the programme.

Executive Members considered a detailed progress report on 9 July 2013 and agreed in principle that the scheme should proceed, subject to identifying funding from reserves, the capital plan or a combination of both to meet the budget shortfall of £725k. On this basis it is anticipated that the scheme will come to site late summer/early autumn 2013 for completion September/October

2014. As a result £1.5m has been re-phased from 2013/14 to 2014/15 to reflect the delays.

Central Government Capital Grant Allocations

Central Government Capital grant allocations were only notified after the last Capital Plan update in February 2013 and were much lower than forecast as detailed in the table below. This has had an adverse impact on the 2013/14 Q1 Capital Plan update and has resulted in the reprofiling of residual borrowing approvals issued up to 2011/12, for both the Basic Needs and Capital Planned Maintenance programmes.

The forecasts for 2013/14 and the subsequent two years were based on 2012/13 actual allocations but for 2013/14 the allocations are much lower with the basic need grant reduced by about 70% due to a revised methodology for assessing priority. It should be noted however that the 2012/13 allocation was 56% higher than that for 2011/12.

Item	Previous Q3 2012/13 Plan £000	Current Q1 2013/14 Plan £000	Grant Reduction £000
Basic Need Grant			
2013/14 (£5,265k in 2012/13)	5,099	1,563	3,536
2014/15	5,099	1,563	3,536
2015/16	5,098	1,563	3,535
Sub Total	15,296	4,689	10,607
Capital Maintenance Grant			
2013/14	11,804	11,364	440
2014/15	11,804	11,364	440
2015/16	11,804	11,364	440
Sub Total	35,412	34,092	1,320
Grand Total	50,708	38,781	11,927

Devolved Capital Schemes

Devolved capital schemes led by schools have progressed well in 2012/13 which has resulted in expenditure of £1.9m being brought forward into 2013/14 from 2014/15, 2015/16 and Later Years. The devolved capital allocation for 2013/14 is £2,154k which is £60k higher than expected.

School Led Projects

The Capital Plan has been updated to reflect additional school led scheme totalling £2,583k, including Richmond School Sports Pavillion, forecast for 2013/14. The schemes will be funded from a combination of direct revenue financing (£1,804k) and capital grants & contributions (£779k).

Earmarked Capital Receipts

Several significant CYPs capital schemes (some of which have now been fully completed) are (or have been) partially funded by earmarked capital receipts which resulted from the particular school rationalisation programme. The funding made available was based on the original valuation of the properties at the time the new scheme was included in the Capital Plan.

Due to the continuing depressed and uncertain state of the property market however as a result of the current economic climate, many of these receipts have not yet been achieved and the capital spend in the meantime has had to be funded by borrowing. More crucial, however, the latest estimate for these receipts is much less than originally forecast. Such a funding shortfall would either have to be absorbed within the overall CYPs Capital Plan or funded corporately.

This situation will be monitored carefully and based on the eventual capital receipts achieved, the outcome will be reported within a future Capital Plan report update.

(d) Central Services***Purchase of Vehicles, Plant and Equipment***

Further vehicle purchases (£400k) are anticipated in 2013/14 as Fleet Management continue the replacement programme initiated in 2012/13.

Loans to Limited Companies

The NYnet loan balance at 31 March 2013 of £4.6m reflected a grant receipt of £2.6m very late in the year for the Superfast North Yorkshire project which was paid over to the supplier early in 2013/14. The year end balance of £4.6m was therefore artificially depressed by this grant receipt. NYnet's latest forecast of the loan balance at 31 March 2014 is £9.5m and the 2013/14 increase of £4.9m is classed as capital expenditure by the County Council and this is included in this Q1 Capital Plan update.

ICT Infrastructure

Additional funding has been made available for ICT Infrastructure expenditure due to one-off revenue savings in 2012/13 and forecast one-off savings in 2013/14 due to the timing of the implementation of the Strategy. £0.6m of the budget has been reprofiled from 2013/14 to 2014/15 due to the timing of the implementation of the ICT Strategy.

Microsoft

The Microsoft project is now nearing completion which has resulted in a revised estimated outturn position. A total capital cost of £3.3m is forecast which is £1.2m under the original forecast of £4.5m. The variance is principally due to hardware and software savings (£0.4m) and reduced implementation costs (internal and external) of £0.7m.

Device Purchase

Once the Microsoft transition phase is complete, it is anticipated a major refresh of PC's will be required. Purchases totalling £1.8m will be phased over a 3 year period up to 2015/16. This is expected to be funded from earmarked reserves.

Oracle Upgrade

The allocation set aside for the Financial Ledger Upgrade has increased from £200k to £400k as a result of one-off savings generated in the Financial Services Revenue Budget in 2012/13. The phasing of this project is expected to be between 2013/14 and 2014/15. Additional resources are required to fully deliver this project and a request to approve a further £600k PIP allocation is included in the Q1 Revenue Budget report.

Superfast Broadband

Delays in establishing a procurement framework for a closed list of community internet providers has resulted in further re-phasing of expenditure (£329k) from 2013/14 to 2014/15. This revised profile is subject to the approval by the North Yorkshire and York Chief Executives Group.

Spending Review 2013 announcements on 26/27 June 2013

- 6.11 The initial announcement on 26 June referred to £100bn of infrastructure capital funding up to 2020 for 'Investing in Britain's Future'. Further details were announced on 27 June with the following key areas potentially having an impact on the future capital spending and financing plans of the County Council:-
- (a) £10bn for essential road maintenance including £6bn to help local authorities repair the local road network. However, at the same time, the Integrated Transport element of the LTP is being top-sliced by £1.2bn and put into the Local Growth Fund; calculations suggest this may represent a 23% cut in previously announced funding on a per annum basis. Based on the information received and assumptions regarding allocation methodology, there could be a combined net increase in funding for the County Council in the region of up to £3.5m per annum in the LTP allocation. Further advice will be given as details become clearer.
 - (b) greater flexibility for local government to use capital receipts from the sale of assets to fund the one-off revenue costs of reforming services
 - (c) Local Authority Major Transport Scheme Funding has been announced as £819m for each year from 2015/16 to 2020/21 a total of £4.9bn which compares favourably with the 2010 spending review total of around £1.5bn.

- (d) the Government has committed to invest more than £21bn of capital in schools over the next Parliament, which includes enough funding to build over 275,000 new primary school places, 245,000 new secondary school places, open up to 180 new Free schools, 20 University Technical Colleges and 20 Studio schools a year; as well as addressing all essential schools maintenance needs. The announcement includes a promise to rebuild 150 schools in very poor condition by 2017 - two years earlier than planned – as part of the Priority Schools Building Programme.

Impact of changes on the financing of the Capital Plan and availability of capital resources

- 6.12 The financing of the updated Capital Plan is set out in **Appendix F** with a summary being as follows:-

Source	2013/14	2014/15	2015/16
	£m	£m	£m
Forecast sources of finance			
Borrowing	19.1	11.9	5.1
Grants and contributions	68.6	66.4	59.8
Schemes financed from revenue	11.2	5.0	4.9
Capital receipts	9.9	9.8	7.9
= total forecast capital funding	108.8	93.1	77.7
- Updated Capital Plan (paragraph 6.6)	97.3	93.1	77.7
= potential unallocated capital resources	11.5	0	0
Total available over period to 2015/16	£11.5m		

- 6.13 The above table indicates that there is potentially £11.5m of unallocated capital funding that might (depending upon the realisation of forecast capital receipts) become available in the period to 2015/16.
- 6.14 This sum which arises principally from additional capital receipts identified is higher/lower than the £9.9m reported at the Q4 outturn because of additional land and properties being identified for sale.
- 6.15 The revenue **Section 5** of this Quarterly performance and budget monitoring report and **paragraph 6.10(a)** of this report refer to a proposal to fund £2m of accelerated capital highways maintenance works from the Corporate Capital Pot in 2014/15 (in addition to £2.2m being funded from the LTP in 2013/14). If the proposals are agreed by Members this will reduce the level of unallocated capital funding from £11.5m to £9.5m.
- 6.16 For all capital receipts from the sale of surplus land and property there is a continuing impact on the level and timing of those receipts due to the depressed state of the property market. Thus the forecast value of these receipts continues to vary and be

delayed (slippage) which results in additional Prudential Borrowing being required to finance the Capital Plan until the receipts are ultimately realised.

- 6.17 Many of the forecast receipts making up this ‘Corporate Capital Pot’ are not expected to be realised for some time yet. Thus, following on from **paragraph 6.16** above, their certainty in terms of both timing and amount, is speculative. Against this background any material spending of the ‘pot’ combined with significant reductions in the expected value of potential capital receipts in the pipeline could result in the Corporate Capital Pot being ‘overdrawn’. This scenario would also result in additional Prudential Borrowing being required to finance the existing Capital Plan.
- 6.18 Assuming the forecasts remain accurate, this £9.5m (net of Tour de France £2m – **paragraph 6.15**) could be made available for either:
- (a) new capital investment (ie additional schemes), or
 - (b) reducing prudential (unsupported) borrowing in any of the years up to 2015/16 and therefore achieving financing cost savings in the Revenue Budget, or
 - (c) holding for the time being with no immediate decision to either spend or reduce borrowing. This course of action would result in additional short-term interest being earned within Corporate Miscellaneous.
- 6.19 Members have previously agreed to adopt option (c) above and retain any surplus capital funding for the time being. Another factor that influenced this decision was that as mentioned in **paragraphs 6.16 and 6.17**, the forecast funding levels include a capital receipts risk in terms of both forecast receipts slipping into a future year and/or not achieving their assumed estimate.
- 6.20 **Given the factors mentioned above and the intention to review the schemes in the Capital Plan (paragraph 6.22), it is proposed that option (c) be reaffirmed at this stage and that the unallocated funding is held in reserve for the time being.**

Looking Ahead

- 6.21 The One Council Vision envisages a singular co-ordinated approach to the management of property assets. It also implies a ‘whole-life costing’ approach to the use of funds (revenue or capital) to maintain/improve/refurbish the asset portfolio.
- 6.22 As part of this approach it is intended that officers will review a number of distinct areas in order to improve the way in which the County Council works:-
- (i) assess the scope for property rationalisation across the County Council in order to reduce existing and future property costs. This work has already been initiated by the Strategic Property Group and proposals are currently being worked up for further consideration.
 - (ii) all uncommitted schemes in the Capital Plan as referred to in **paragraph 6.20** above, together with reviewing the capital plan process as a whole and
 - (iii) the Gateway approach to Capital project management and how each part of the Council plays a constituent part. This will be reviewed through the

ongoing work of the Strategic Property Group in line with the other areas of work identified above and will be factored into the impending restructure of elements of the County Council's property management function.

The initial preparation for (ii) and (iii) above commenced in July 2013 and updates will be provided in future Q reports.

NORTH YORKSHIRE COUNTY COUNCIL

EXECUTIVE

1 October 2013

UPDATED CAPITAL PLAN

Report of the Corporate Director – Strategic Resources

1.0 PURPOSE OF THE REPORT

- 1.1 To recommend to the County Council that the updated Capital Plan as included in the Quarterly Performance and Budget Monitoring report submitted to Executive on 20 August 2013, be adopted.

2.0 BACKGROUND

- 2.1 The County Council's Financial Procedure rules empower the Executive to modify the Capital Plan during this year and this is effected through the Capital section of the Quarterly Performance and Budget Monitoring reports or ad hoc reports if urgent changes are needed in between Q reports.
- 2.2 The Executive's modification powers however implies that a Capital Plan must be approved by the County Council once a year and the last such approval was for 2012/13 on 10 October 2012 based on a Q1 2012/13.
- 2.3 The purpose of the report therefore is to recommend to the next County Council on 13 November 2013 that the updated Capital Plan approved by Executive on 20 August 2013 as part of the 2013/14 Q1 Performance and Budget Monitoring report, be adopted for 2013/14.
- 2.4 The summarised Capital Plan as approved by Executive on 20 August 2013 is attached as **Appendices A to F**.
- 2.5 Going forward it is proposed that for 2014/15 this is achieved through the latest Capital Plan being included in the suite of Budget related reports submitted to Executive on 4 February 2014 with a recommendation to County Council to adopt on 19 February 2014, along with other budget related recommendations.

3.0 RECOMMENDATION

- 3.1 That the Executive recommends to the County Council that the updated Capital Plan, summarised in **Appendices A to F**, be adopted.

Gary Fielding
Corporate Director – Strategic Resources

County Hall, Northallerton

Background documents – none

4 September 2013

HEALTH AND ADULT SERVICES

2013/14 CAPITAL BUDGET MONITORING - POSITION TO 30 JUNE 2013

ITEM	Total	Expenditure to 31.3.13	2013/14	2014/15	2015/16	Later Years
	£000	£000	£000	£000	£000	£000
GROSS EXPENDITURE						
Maintaining Fabric / Facilities of Properties	1,601	-	614	477	510	-
"Our Future Lives" Extra Care Scheme (Invest to Save)	10,042	453	-	3,540	2,049	4,000
"Our Future Lives" Older People Resource Centre	7,627	410	54	3,737	1,926	1,500
"Valuing People" Day Service Provision	7,905	3,875	3,725	306	-	-
IT infrastructure	703	79	624	-	-	-
TOTAL GROSS SPEND	27,877	4,815	5,017	8,060	4,485	5,500
Last Update - Q3 2012/13			7,881	4,976	4,485	5,500
CAPITAL GRANTS & CONTRIBUTIONS						
Capital Grants						
- Adult Social Care I.T. Infrastructure	393 CR	79 CR	314 CR	-	-	-
- Adult Social Care Investment for Transformation	310 CR	-	310 CR	-	-	-
- PSS Capital Grant	2,633 CR	-	1,303 CR	1,330 CR	-	-
Revenue Contributions						
- Valuing People - Day Service Provision (from PIP)	980 CR	-	980 CR	-	-	-
TOTAL GRANTS AND CONTRIBUTIONS	4,316 CR	79 CR	2,907 CR	1,330 CR	-	-
Last Update - Q3 2012/13			2,923 CR	1,330 CR	-	-
TOTAL NET EXPENDITURE	23,562	4,737	2,109	6,730	4,485	5,500
Last Update - Q3 2012/13			4,958	3,646	4,485	5,500

BUSINESS AND ENVIRONMENTAL SERVICES

2013/14 CAPITAL BUDGET MONITORING - POSITION TO 30 JUNE 2013

ITEM	Total	Expenditure to 31.3.13	2013/14	2014/15	2015/16	Later Years
	£000	£000	£000	£000	£000	£000
GROSS EXPENDITURE						
New and Replacement Road Lighting Columns	17,054	14,160	1,377	1,117	200	200
Rationalisation of Depots	19,461	18,763	698	-	-	-
Waste Management Service	942	-	171	771	-	-
Waste Procurement Project	5,683	700	-	2,000	2,983	-
Scarborough Integrated Transport System	36,110	36,063	47	-	-	-
Reighton A165 Bypass	8,891	8,891	-	-	-	-
Bedale-Aiskew-Leeming Bar Major Scheme	42,232	2,171	737	11,825	18,133	9,366
Local Transport Plan						
- Integrated Transport	9,954	-	2,806	1,395	5,753	-
- Maintenance	84,909	-	34,481	29,857	20,571	-
- Regional Funding Allocation	12,781	11,749	683	-	349	-
Winter Maintenance of Roads - (Grant Funded)	6,047	-	3,939	2,108	-	-
LEP Growing Places Fund (Grant)	8,614	-	4,900	3,714	-	-
LEP Growing Places Fund (Grant Reinvested)	20,268	-	-	380	1,869	18,019
Local Sustainable Transfer Fund	4,734	384	3,275	1,075	-	-
TOTAL GROSS SPEND	277,680	92,882	53,113	54,242	49,858	27,585
Last Update - Q3 2012/13			49,354	45,614	48,858	25,516

BUSINESS AND ENVIRONMENTAL SERVICES

2013/14 CAPITAL BUDGET MONITORING - POSITION TO 30 JUNE 2013

ITEM	Total	Expenditure to 31.3.13	2013/14	2014/15	2015/16	Later Years
	£000	£000	£000	£000	£000	£000
CAPITAL GRANTS & CONTRIBUTIONS						
Capital Grants						
- SITS	29,786 CR	29,786 CR	-	-	-	-
- BALB	35,900 CR	240 CR	668 CR	10,454 CR	16,168 CR	8,370 CR
- Local Transport Plan Grant	96,735 CR	11,749 CR	31,129 CR	27,184 CR	26,673 CR	-
- EA Grant	4,763 CR	-	2,152 CR	2,611 CR	-	-
- Winter Maintenance Grant	6,047 CR	-	3,939 CR	2,108 CR	-	-
- Waste Capital Grants	461 CR	-	-	461 CR	-	-
- LEP Growing Places Fund	8,614 CR	-	4,520 CR	2,225 CR	336	2,205 CR
- DfT Grant	4,734 CR	379 CR	3,280 CR	1,075 CR	-	-
- Connect 2 Grant	75 CR	-	75 CR	-	-	-
Capital Contributions	223 CR	156 CR	67 CR	-	-	-
LEP Growing Places Fund Loan Repayments	20,268 CR	-	380 CR	1,869 CR	2,205 CR	15,814 CR
Revenue Contributions						
- Road Lighting Columns	4,060 CR	3,000 CR	460 CR	200 CR	200 CR	200 CR
- BALB (PIP)	6,093 CR	1,761 CR	-	1,371 CR	1,965 CR	996 CR
- Structural Maintenance of Roads	2,857 CR	-	2,857 CR	-	-	-
- Structural Maintenance of Bridges	350 CR	-	350 CR	-	-	-
- Rationalisation of Highways Depots	590 CR	7 CR	583 CR	-	-	-
- Other Revenue Contributions	722 CR	181 CR	230 CR	310 CR	-	-
TOTAL GRANTS AND CONTRIBUTIONS	222,278 CR	47,259 CR	50,691 CR	49,868 CR	46,875 CR	27,585 CR
Last Update - Q3 2012/13			44,993 CR	44,347 CR	46,192 CR	24,246 CR
TOTAL NET EXPENDITURE	55,403	45,623	2,422	4,374	2,983	-
Last Update - Q3 2012/13			4,361	1,267	2,667	1,270

CHILDREN AND YOUNG PEOPLE'S SERVICE

2013/14 CAPITAL BUDGET MONITORING - POSITION TO 30 JUNE 2013

ITEM	Total	Expenditure to 31.3.13	2013/14	2014/15	2015/16	Later Years
	£000	£000	£000	£000	£000	£000
GROSS EXPENDITURE						
NYCC MANAGED SCHEMES						
Major Capital Schemes at Schools	6,323	-	1,823	2,500	-	2,000
Suitable for Purpose	11,955	-	2,980	2,725	2,750	3,500
Special Educational Needs/Behaviour Review	3,796	3,473	23	300	-	-
Pupil Referral Units/Special Schools	8,218	8,218	-	-	-	-
Primary Replacement School	1,111	81	337	693	-	-
Health and Safety	2,944	-	450	794	1,000	700
Other Capital Funding Schemes	7,829	2,865	1,379	718	1,583	1,283
Primary Capital Programme	9,722	9,571	151	-	-	-
Capital Maintenance Grant Funded Schemes	1,462	1	255	1,206	-	-
Basic Need Grant Funded Schemes	21,913	-	6,299	6,034	4,741	4,838
Capitalised Repairs and Maintenance	16,339	-	4,444	5,320	5,170	1,405
Schools Access Initiative	2,026	1,187	142	363	247	88
Catering Equipment	1,100	-	500	300	300	-
ICT Hardware Purchases	600	-	200	200	200	-
Woodfield Development and Other Projects	1,987	147	1,240	600	-	-
Grant-Funded Provisions:						
- Childrens Centre Capital	11,027	9,484	226	653	601	63
- Aiming High for Disabled Children	2,559	1,294	589	676	-	-
- Building Schools for the Future- Richmond School	30,443	30,100	344	-	-	-
- Integrated Childrens System Grant	858	404	183	167	104	-
Other Schemes	1,806	-	25	423	718	640
SCHOOLS MANAGED SCHEMES						
Devolved Capital	11,869	-	2,984	3,027	3,000	2,858
Self Help Schemes	4,744	-	2,100	1,144	1,000	500
TOTAL GROSS SPEND	160,627	66,823	26,673	27,843	21,415	17,874
Last Update - Q3 2012/13			28,466	28,279	25,164	24,827

CHILDREN AND YOUNG PEOPLE'S SERVICE

2013/14 CAPITAL BUDGET MONITORING - POSITION TO 30 JUNE 2013

ITEM	Total	Expenditure to 31.3.13	2013/14	2014/15	2015/16	Later Years
	£000	£000	£000	£000	£000	£000
CAPITAL GRANTS & CONTRIBUTIONS						
NYCC MANAGED SCHEMES						
Capital Grants						
- Devolved Capital Grant	926 CR	-	291 CR	185 CR	300 CR	150 CR
- Capital Maintenance Grant	35,319 CR	-	11,915 CR	11,958 CR	11,445 CR	-
- Basic Need Grant	7,011 CR	-	3,396 CR	1,865 CR	1,704 CR	46 CR
- Other Capital Grants	31,641 CR	29,303 CR	1,112 CR	951 CR	275 CR	-
Capital Contributions						
- Section 106 Income	2,647 CR	-	119 CR	303 CR	225 CR	2,000 CR
- Other Capital Contributions	1,015 CR	296 CR	80 CR	73 CR	39 CR	527 CR
Revenue Contributions						
- ICT Hardware	600 CR	-	200 CR	200 CR	200 CR	-
- Catering Equipment	1,100 CR	-	500 CR	300 CR	300 CR	-
- Other Revenue Contributions	1,018 CR	404 CR	343 CR	167 CR	104 CR	-
SCHOOL MANAGED SCHEMES						
Devolved Capital Grant	11,869 CR	-	2,984 CR	3,027 CR	3,000 CR	2,858 CR
Self Help Capital Contributions	1,015 CR	-	515 CR	250 CR	250 CR	-
School Budgets Revenue Contributions	3,250 CR	-	1,106 CR	894 CR	750 CR	500 CR
TOTAL GRANTS AND CONTRIBUTIONS	97,409 CR	30,003 CR	22,560 CR	20,173 CR	18,592 CR	6,081 CR
Last Update - Q3 2012/13			21,579 CR	24,655 CR	23,512 CR	10,720 CR
TOTAL NET EXPENDITURE	63,218	36,820	4,112	7,671	2,822	11,793
Last Update - Q3 2012/13			6,887	3,624	1,652	14,107

CENTRAL SERVICES

2013/14 CAPITAL BUDGET MONITORING - POSITION TO 30 JUNE 2013

ITEM	Total	Expenditure to 31.3.13	2013/14	2014/15	2015/16	Later Years
	£000	£000	£000	£000	£000	£000
GROSS EXPENDITURE						
Material Damage Provision	1,600	-	600	500	500	-
Public Access to Buildings for Disabled	1,250	856	395	-	-	-
Affordable Housing Fund	5,780	4,722	577	482	-	-
Carbon Reduction Initiative	1,500	1,377	124	-	-	-
Traveller's Sites	1,520	1,417	103	-	-	-
Bright Office Strategy Schemes	9,114	6,806	2,308	-	-	-
Revenue Funded Capital Schemes						
- ICT Infrastructure (FCS)	2,967	-	1,467	748	752	-
- Device Purchases (all Directorates)	1,839	-	613	613	613	-
Super Fast Broadband Scheme	800	117	354	329	-	-
Microsoft Project	3,255	3,055	200	-	-	-
Oracle Upgrade	400	-	200	200	-	-
Loans to Limited Companies	9,500	4,626	4,874	-	-	-
Purchase of Vehicles, Plant & Equipment	700	-	500	100	100	-
Control of Legionella	450	397	53	-	-	-
NY Data Observatory	141	99	12	12	12	7
Library Schemes	4,643	4,475	168	-	-	-
TOTAL GROSS SPEND	45,459	27,946	12,547	2,983	1,977	7
Last Update - Q3 2012/13			7,376	3,612	720	-

CENTRAL SERVICES

2013/14 CAPITAL BUDGET MONITORING - POSITION TO 30 JUNE 2013

ITEM	Total	Expenditure to 31.3.13	2013/14	2014/15	2015/16	Later Years
	£000	£000	£000	£000	£000	£000
CAPITAL GRANTS & CONTRIBUTIONS						
Capital Grants						
- Travellers' Sites	346 CR	346 CR	-	-	-	-
- Regional Improvement Grant	141 CR	99 CR	12 CR	12 CR	12 CR	7 CR
- Performance Reward Grant	800 CR	117 CR	354 CR	329 CR	-	-
Capital Contributions						
- Harrogate Library Lottery Funding	1,500 CR	1,500 CR	-	-	-	-
Loans to Limited Companies Repayments	9,500 CR	-	-	1,100 CR	2,600 CR	5,800 CR
Revenue Contributions						
- from Pending issues Provision for BOS schemes	3,395 CR	2,555 CR	840 CR	-	-	-
- from Pending issues Provision for Microsoft	200 CR	-	200 CR	-	-	-
- Revenue Funded Capital Programme	8,261 CR	3,055 CR	2,280 CR	1,561 CR	1,365 CR	-
- Other Revenue Contributions	1,874 CR	1,751 CR	124 CR	-	-	-
- Library Schemes (from PIP)	525 CR	385 CR	140 CR	-	-	-
TOTAL GRANTS AND CONTRIBUTIONS	26,642 CR	9,808 CR	4,049 CR	3,002 CR	3,977 CR	5,807 CR
Last Update - Q3 2012/13			4,976 CR	230 CR	2,620 CR	6,900 CR
TOTAL NET EXPENDITURE	18,817	18,138	8,498	18 CR	2,000 CR	5,800 CR
Last Update - Q3 2012/13			2,400	3,382	1,900 CR	6,900 CR

EXECUTIVE SUMMARY

2013/14 CAPITAL BUDGET MONITORING - POSITION TO 30 JUNE 2013

SUMMARY CAPITAL PLAN	2013/14	2014/15	2015/16	Later Years
	£m	£m	£m	£m
Gross Expenditure				
Health & Adult Services	5.0	8.1	4.5	5.5
Business & Environmental Services	53.1	54.2	49.8	27.6
Children & Young People's Service	26.7	27.8	21.4	17.9
Central Services	12.5	3.0	2.0	-
	97.3	93.1	77.7	51.0
Grants & Contributions				
Health & Adult Services	2.9 CR	1.4 CR	-	-
Business & Environmental Services	50.7 CR	49.8 CR	46.8 CR	27.6 CR
Children & Young People's Service	22.6 CR	20.1 CR	18.6 CR	6.1 CR
Central Services	4.0 CR	3.0 CR	4.0 CR	5.8 CR
	80.2 CR	74.3 CR	69.4 CR	39.5 CR
Net Expenditure				
Health & Adult Services	2.1	6.7	4.5	5.5
Business & Environmental Services	2.4	4.4	3.0	-
Children & Young People's Service	4.1	7.7	2.8	11.8
Central Services	8.5	-	2.0 CR	5.8 CR
	17.1	18.8	8.3	11.5

SUMMARY OF CHANGES SINCE THE LAST CAPITAL PLAN UPDATE	2013/14	2014/15	2015/16	Later Years
	£m	£m	£m	£m
Capital Plan approved by Executive February 2013	93.1	82.5	79.2	55.8
Schemes Funded from Prudential Borrowing	5.3	2.3 CR	-	-
Variations in Schemes Self Funded Schemes	6.6	3.2	3.2 CR	1.2 CR
Rephasing of Expenditure Between Years				
2012/13 Variations rolled forward to 2013/14				
- Self Funded	1.2 CR	-	-	-
- Net Expenditure	1.3	-	-	-
	0.1	-	-	-
Q1 Variations				
- Self Funded	0.3	0.5 CR	0.2	-
- Net Expenditure	8.1 CR	10.2	1.5	3.6 CR
Total Rephasing Between Years	7.8 CR	9.7	1.7	3.6 CR
Updated Gross Capital Spend	97.3	93.1	77.7	51.0
Grants & Contributions	80.2 CR	74.3 CR	69.4 CR	39.5 CR
Net Expenditure	17.1	18.8	8.3	11.5
Capital Plan approved by Executive February 2013	18.6	11.8	6.9	13.9
Change in Net Capital Spend	1.5 CR	7.0	1.4	2.4 CR

EXECUTIVE SUMMARY

2013/14 CAPITAL BUDGET MONITORING - POSITION TO 30 JUNE 2013

SUMMARY OF CHANGES TO THE CAPITAL PLAN AT DIRECTORATE LEVEL

HEALTH & ADULT SERVICES	2013/14	2014/15	2015/16	Later Years
	£m	£m	£m	£m
Capital Plan approved by Executive February 2013	7.9	5.1	4.5	5.5
Variations in Schemes Self Funded Schemes	0.1 CR	-	-	-
Rephasing of Expenditure Between Years 2012/13 Variations rolled forward to 2013/14				
- Net Expenditure	0.2	-	-	-
	0.2	-	-	-
Q1 Variations				
- Self Funded	-	-	-	-
- Net Expenditure	3.0 CR	3.0	-	-
Total Rephasing Between Years	3.0 CR	3.0	-	-
Updated Gross Capital Spend	5.0	8.1	4.5	5.5
Grants & Contributions	2.9 CR	1.4 CR	-	-
Net Expenditure	2.1	6.7	4.5	5.5

BUSINESS & ENVIRONMENTAL SERVICES	2013/14	2014/15	2015/16	Later Years
	£m	£m	£m	£m
Capital Plan approved by Executive February 2013	49.3	45.7	48.9	25.4
Variations in Schemes Self Funded Schemes	5.4	4.3	1.0	2.1
Rephasing of Expenditure Between Years 2012/13 Variations rolled forward to 2013/14				
- Self Funded	2.4	-	-	-
- Net Expenditure	0.3	-	-	-
	2.7	-	-	-
Q1 Variations				
- Self Funded	2.1 CR	1.1	0.4 CR	1.4
- Net Expenditure	2.2 CR	3.2	0.3	1.3 CR
Total Rephasing Between Years	4.3 CR	4.3	0.1 CR	0.1
Updated Gross Capital Spend	53.1	54.3	49.8	27.6
Grants & Contributions	50.7 CR	49.8 CR	46.8 CR	27.6 CR
Net Expenditure	2.4	4.5	3.0	-

EXECUTIVE SUMMARY

2013/14 CAPITAL BUDGET MONITORING - POSITION TO 30 JUNE 2013

CHILDREN & YOUNG PEOPLE'S SERVICE	2013/14	2014/15	2015/16	Later Years
	£m	£m	£m	£m
Capital Plan approved by Executive February 2013	28.5	28.1	25.2	24.9
Variations in Schemes Self Funded Schemes	2.0	1.8 CR	5.6 CR	3.3 CR
Rephasing of Expenditure Between Years 2012/13 Variations rolled forward to 2013/14				
- Self Funded	4.4 CR	-	-	-
- Net Expenditure	0.1	-	-	-
	4.3	-	-	-
Q1 Variations				
- Self Funded	3.4	2.6 CR	0.6	1.4 CR
- Net Expenditure	2.9 CR	4.0	1.2	2.3 CR
Total Rephasing Between Years	0.5	1.4	1.8	3.7 CR
Updated Gross Capital Spend	26.7	27.7	21.4	17.9
Grants & Contributions	22.6 CR	20.1 CR	18.6 CR	6.1 CR
Net Expenditure	4.1	7.6	2.8	11.8

CENTRAL SERVICES	2013/14	2014/15	2015/16	Later Years
	£m	£m	£m	£m
Capital Plan approved by Executive February 2013	7.4	3.6	0.7	-
Schemes Funded from Prudential Borrowing	5.3	2.3 CR	-	-
Variations in Schemes Self Funded Schemes	0.7 CR	0.7	1.3	-
Rephasing of Expenditure Between Years 2012/13 Variations rolled forward to 2013/14				
- Self Funded	0.8	-	-	-
- Net Expenditure	0.7	-	-	-
	1.5	-	-	-
Q1 Variations				
- Self Funded	1.0 CR	1.0	-	-
- Net Expenditure	-	-	-	-
Total Rephasing Between Years	1.0 CR	1.0	-	-
Updated Gross Capital Spend	12.5	3.0	2.0	-
Grants & Contributions	4.0 CR	3.0 CR	4.0 CR	5.8 CR
Net Expenditure	8.5	-	2.0 CR	5.8 CR

FINANCING OF CAPITAL PLAN (Updated to July 2013)

	2013/14	2014/15	2015/16	Later Yrs
	£000s	£000s	£000s	£000s
A FORECAST FUNDING AVAILABLE				
1 Borrowing				
Prudential (Unsupported) Borrowing	6,341	-3,210	-3,380	-5,800
Rephased borrowing (capital expenditure & receipts slippage)	12,757	15,152	8,520	14,509
	19,098	11,942	5,140	8,709
2 Capital Grants and Contributions				
Children & Young People's Service				
Capital Maintenance Grant Funded Schemes	11,915	11,958	11,445	0
Devolved funding to schools	3,274	3,212	3,300	3,008
Basic Need Grant	3,396	1,865	1,704	46
School Self Help schemes - private contributions	515	250	250	0
Aiming High for Disabled Children	589	676	0	0
Various other grants and contributions	722	650	539	2,527
Business & Environmental Services				
LTP	31,129	27,184	26,673	0
Winter Maintenance Grant	3,939	2,108	0	0
EA Grant	2,152	2,611	0	0
LEP Growing Places Grant	4,520	2,225	-336	2,205
Bedale Bypass	668	10,454	16,168	8,370
Local Sustainable Trasfer Fund DfT Grant	3,280	1,075	0	0
Various other grants and contributions	143	461	0	0
Health & Adult Services	1,927	1,330	0	0
Central Services	465	341	12	7
	68,634	66,400	59,755	16,163
3 Schemes financed from Revenue				
Children & Young People's Service				
Schools Revenue Contributions	1,106	894	750	500
Other CYP Revenue contributions	1,043	667	604	0
BES				
Street Lighting	460	200	200	200
LTP	2,857			
Bedale Bypass from Pending Issues Provision	0	1,371	1,965	996
Other BES Revenue Contributions	1,163	310	0	0
HAS				
Valuing People from Pending Issues Provision	980	0	0	0
Central Services				
Bright Office Strategy from Pending Issues Provision	840	0	0	0
Microsoft from Pending Issues Provision	200	0	0	0
RFIS / Library in a Box Scheme from Pending Issues Provision	140	0	0	0
Capital Programmes (ICT etc) Funded from Revenue	2,280	1,561	1,365	0
Other CS Revenue Contributions	124	0	0	0
	11,193	5,003	4,884	1,696
4 Capital Receipts available to finance Capital Spending				
County Farms receipts	5,847	1,044	1,300	214
Earmarked for Depots rationalisation programme receipts	345	1,001	0	2,400
Other capital receipts from sale of properties	3,316	2,919	0	230
LEP Growing places loan repayment (classed as capital receipts)	380	1,869	2,205	15,814
Company Loan repayments (treated as capital receipts)		2,950	4,450	5,800
	9,888	9,783	7,955	24,458
= Total Forecast Funding Available	108,813	93,128	77,734	51,026
B CAPITAL PLAN Updated gross spend July 2013	-97,349	-93,129	-77,735	-50,966
C FUNDING REMAINING July 2013	11,464	-1	-1	60
D TOTAL FUNDING REMAINING				11,522

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 property contracts), including those made in the course of the discharge of functions which are the responsibility of the Executive.

1.0 INTRODUCTION

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

ACE(LDS)	means the Assistant Chief Executive (Legal and Democratic Services)
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
Contract Register	means the register of Contracts maintained by the Council as set out in Rule 17.8
Contractor	means a person or entity with whom the Council has a Contract
CD-SR	means the Corporate Director Strategic Resources
CPG	means the Corporate Procurement Group
Council	means North Yorkshire County Council
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
DPC	means a Directorate Procurement Champion
EU	means the European Union
EU Threshold	means the current threshold above which the PCR's apply, currently £173,934 for services and supplies and £4,348,350 for works
E-Sourcing System	means the Council's chosen E-sourcing system (currently YorTender) or an approved alternative
FPP	means the Forward Procurement Plan maintained as described in Rule 17.5
Framework Agreement	means an agreement with one or more public sector bodies which establishes an arrangement for: (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 risk based gateway procurement process that combines assessment and understanding of

	various aspects of risk with appropriate review and scrutiny at defined points in the procurement cycle.
ITT	means an Invitation to Tender
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 & 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
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
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
PCR	means the Public Contracts Regulations 2006 (as amended)
Responsible Officer	means the Officer who is responsible for the procurement and/or management of a Contract
Rules	means these Rules
Internal Audit	means the Council's appointed internal auditors (currently Veritau)
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 8.8, 8.9, 12.2, 16.1(h), 16.3 and 18.1**
 - (ii) CD-SR - **Rules 2.1, 2.4, 2.5, 8.8, 8.9, 12.2, 16.1(h), 16.3, 17.3 and 18.1**
 - (iii) ACE(LDS) - **Rules 2.1, 2.4, 2.5, 8.8, 8.9, 12.2, 16.1(h) and 16.3**

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)

2.0 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, goods, supplies and 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 provides detailed guidance on procurement techniques and the effect of the Rules. 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.
- 2.5.1** The CD-SR has also produced a *Finance Manual* which gives advice on financial procedures.
- 2.6** 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.

2.7 Directors shall ensure that all documentation relating to Contracts and procurement processes (including quotations) is retained in accordance with the Council's Records Retention and Destruction Schedule.

2.8 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.

2.9 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 Directorate Procurement Champion) as appropriate.

3.0 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 2006.

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

4.0 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, goods, supplies or 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 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 Key Decision in all respects.

5.0 FORM OF CONTRACT

5.1 Every Contract exceeding £100 in value shall be evidenced in writing (by the use of an order form, exchange of correspondence or other written medium).

5.2 Every Contract exceeding £20,000 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.

5.3 The written form of agreement for all Contracts exceeding £20,000 in value must clearly specify the obligations of the Council and the Contractor and shall include:-

- (a) the work to be done or the goods or services to be supplied
- (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 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 goods or services to be supplied shall be subject to a separate procurement exercise in accordance with these Rules.

5.5 The written form of agreement for all Contracts exceeding £20,000 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 Prevention of Corruption Acts 1889 to 1916 or 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 or services from a third party and the Council may recover the cost of doing so from the Contractor"

5.6 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 £20,000 in value.

5.7 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 5.5** above, but should be included where appropriate.

6.0 SIGNATURE/SEALING OF CONTRACTS

6.1 Every written Contract must be either signed or sealed in accordance with this Rule. Where Contracts have a value exceeding £50,000 they must be either sealed or signed by two Officers as described below.

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

6.2.1 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:-

- (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

6.2.2 Contracts that exceed £500,000 shall be signed by:

- (a) the ACE(LDS) (or a Legal and Democratic Services' Officer authorised by her); and
- (b) an authorised signatory in the relevant Directorate (or another Legal and Democratic Services' Officer authorised by the ACE(LDS)).

6.2.3 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.

7.0 BONDS AND LIQUIDATED DAMAGES

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 Process (Gateway 2).

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.

8.0 QUOTATIONS

- 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 sought.
- 8.2. If the estimated value of a Contract exceeds £5,000 but is less than £20,000 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.
- 8.3 If the estimated value of a Contract exceeds £20,000, 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 and quotations must be invited using the E-Sourcing System.
- 8.4 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 **Rules 8.2 and 8.3** to also submit variant quotations (ie 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.
- 8.5 A written quotation may only be considered if:-
- (a) it has been received electronically through the E-Sourcing System, or
 - (b) it has been received in a sealed envelope marked "Quotation" and indicating the subject matter of the quotation and
 - (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 matter in the presence of at least two Officers authorised to open quotations.
- 8.6 Before quotations of a value in excess of £20,000 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 (ie 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.
- 8.7 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.
- 8.8 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.
- 8.9 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 original documented estimated price by more than 10% **and**
- (c) the written approval of the Director (in consultation with the CD-SR) has been obtained.

If the conditions at (a), (b) and (c) are not met, Directors must seek tenders in accordance with **Rules 9 and 10**.

8.10 Where a quotation involves payment to the Council, the provisions of **Rules 8.6 and 8.8** shall apply except that the word “lowest” shall be replaced by the word “highest” in these paragraphs.

8.11 Quotations may be altered only in accordance with **Rules 13.1 and 13.2**.

Financial Stability

8.12 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.

9.0 TENDERS

9.1 If the estimated value of the Contract is £100,000 or more tenders shall be invited in accordance with the provisions of this Rule.

9.2 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.

General Requirements

9.3 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.

9.4 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.

9.5 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”.

9.6 All Participants invited to submit tenders shall be provided with identical instructions and information.

9.7 Where considered appropriate, a Director may, in consultation with the DPC, permit Participants to submit variant tenders (ie 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.

9.8 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.

9.9 Directors shall invite tenders on the basis of one of the options identified in **Rule 10**.

10.0 OPTIONS FOR TENDER

Tenders shall be invited on the basis of one of the following options:

10.1 Open Tenders

10.1.1 If a Director, in consultation with the DPC, considers it to be appropriate that any ITT shall be available to all potential Participants then the following procedures shall apply:

- (i) A notice advertising the opportunity 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, how the ITT documents may be obtained and the closing date for receipt of tenders by the Council.
- (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.
- (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.
- (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 and value of the Contract.
- (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.

10.2 Restricted Tenders

10.2.1 If a Director, in consultation with the DPC, considers it to be 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:

- (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.

- (ii) The deadline date for the 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 advertisement is published.
- (iii) The selection criteria which are to be applied in the evaluation of the PQQ's shall be recorded in writing before PQQ's are invited and shall be included in the documents provided to all Participants.
- (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.
- (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.
- (vi) The deadline date for the receipt of tenders shall be at least 40 days after the date of dispatch of the ITT's.
- (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.
- (viii) 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 and value of the Contract.
- (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.

10.3 OJEU Tenders

Tenders for Contracts which exceed the EU Threshold shall be invited and awarded as prescribed in Rule 10.1 or Rule 10.2 but taking into account the following amendments:

- 10.3.1 **Open Tenders:** the deadline date for the return of tenders shall be a minimum of 52 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.
- 10.3.2 **Restricted Tenders:** the deadline date for the return of PQQ's shall be at least 37 days after the publication of the first advertisement of the opportunity. The deadline date for the receipt of tenders shall be at least 40 days after the date of publication of the ITT.
- 10.3.3 The minimum deadline dates for **Open and Restricted tenders** may be reduced to a period generally not less than 36 days and in any event not less than 22 days if a Prior Information Notice (PIN) has been published in accordance with the PCR's.

10.4 Framework Agreements

- 10.4.1 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 or 10.2

10.4.2 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

10.4.3 The duration of the Framework Agreement shall be limited, as prescribed by the PCR's, to a maximum of four years including any extension periods.

10.5 Approved Lists

10.5.1 If a Director considers it appropriate to maintain a list of suitable Contractors for particular types of work and/or goods and/or services, where the estimated value of the work and/or goods and/or services is below the relevant EU Threshold, the list of suitable Contractors shall be established using the procedures set out below:

- (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
- (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.
- (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.
- (iv) The evaluation of the 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 approved Contractors categorised by works/goods/services type and value as may be applicable.
- (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.
- (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.
- (vii) The Director may, after consultation with CD-SR approve an application from a potential Contractor to be added to an existing approved list.

- (viii) ITT's or Invitations to Quote shall be invited in accordance with **Rule 10** or **Rule 8**.
- (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.
- (x) Approved lists may remain in force for a maximum of 5 years. Before the expiration of the approved list a replacement shall be established, if appropriate, in accordance with **Rule 10.5**.

10.6 Negotiated Procedure and Competitive Dialogue

- 10.6.1 Where a Director, in consultation with CD-SR, agrees that it is appropriate, the negotiated procedure or the competitive dialogue procedure may be used for the invitation of tenders in accordance with the requirements of the PCR's.

11.0 RECEIPT AND OPENING OF TENDERS

- 11.1 A written tender may only be considered if:-

- (a) it has been received electronically through the e-tendering 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,

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 her) in accordance with the instructions contained in the ITT before the tender closing date.

- 11.2 The ACE(LDS) (or a person designated by her) shall be responsible for the reception and safe custody of tenders until they are opened.

- 11.3 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 her) 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.

- 11.4 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.

12.0 TENDER EVALUATION AND ACCEPTANCE

- 12.1 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)**.

- 12.2 If a tender other than the MEAT or the lowest price is to be accepted the written approval of the Director, after consultation with CD-SR, shall be obtained and a

signed and dated record of the reasons for the action taken shall be made however, no such approval can be given where the Contract is subject to the PCR's other than in exceptional circumstances agreed by the ACE(LDS).

- 12.3 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 requirements of the Council's Document Retention Policy.
- 12.4 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.
- 12.5 Before a Contract is awarded the Director shall, in consultation with 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).
- 12.6 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 PCRs.
- 12.7 For OJEU tenders the Director shall wait for a minimum of 10 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.
- 12.8 Where a tender involves payment to the Council **Rule 12.2** shall apply except that the word "highest" shall be substituted for "lowest" in those Rules.
- 13.0 **POST TENDER NEGOTIATION AND CLARIFICATION**
- 13.1 Post tender negotiations may not be undertaken where the value of the Contract exceeds the relevant EU Threshold.
- 13.2 Post tender negotiations with selected tenderers shall only be carried out where:
 - 13.2.1 post tender negotiations are permitted by law; and
 - 13.2.2 the Director, in consultation with CPG, considers that added value may be obtained; and
 - 13.2.3 the 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
 - 13.2.4 a comprehensive, written record of the negotiations is kept by the Council; and
 - 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.
- 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.

14.0 PURCHASING CARDS

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** the payment invoice will constitute evidence in writing of the Contract.

15.0 CERTIFICATION OF CONTRACTS

15.1 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.

16.0 EXCEPTIONS TO CONTRACT PROCEDURE RULES 8, 9 AND 10

16.1 A Director does not need to invite quotations or tenders in accordance with **Rules 8, 9 and 10** in the following circumstances:-

- (a) purchases via framework agreements which have been established by other public sector bodies or consortia (including, but not limited to YPO) and where such framework agreements are lawfully accessible to the Council, except where the requirements of the individual framework require a further competition to be conducted or
- (b) purchases at public auctions, or
- (c) the purchase of supplies, works or 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; or
- (d) the instruction of Counsel by the ACE(LDS), or
- (e) repairs to or the supply of parts for existing proprietary machinery or plant except where the value of the Contract exceeds the relevant EU Threshold, or
- (f) social care Contracts with a value below the EU Threshold where:-
 - (i) the service is currently supplied by a Contractor to the satisfaction of the Corporate Director Health and Adult Services or the Corporate Director Children and Young People’s Services, 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
 - (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 or the Corporate Director Children and Young People's Services considers it inappropriate for quotations or tenders to be invited, or

- (iii) where the Corporate Director Health and Adult Services or the Corporate Director Children and Young People's Services 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
- (g) social care Contracts which are classifiable as 'Part B Services' under the PCR's where:-
- (i) the service is currently supplied by a Contractor to the satisfaction of the Corporate Director Health and Adult Services or the Corporate Director Children and Young People's Services, 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
 - (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 or the Corporate Director Children and Young People's Services considers it inappropriate for quotations or tenders to be invited, or
 - (iii) where the Corporate Director Health and Adult Services or the Corporate Director Children and Young People's Services 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
- (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 un-attributable 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.

16.2 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.

16.3 Waivers

16.3.1 Specific exceptions to **Rules 8, 9 and 10** are permitted in such other circumstances as the CD-SR and the ACE(LDS) may agree.

16.3.2 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.

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

17.0 COMPLIANCE, CONTRACT REGISTER AND FORWARD PROCUREMENT PLANS

- 17.1 Every Officer shall comply with these Rules and any unauthorised failure to do so may lead to disciplinary action.
- 17.2 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 *Procurement Manual* and the *Finance Manual* referred to in **Rule 2.5**.
- 17.3 The CD-SR shall be responsible for monitoring adherence to these Rules.
- 17.4 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**".
- 17.5 DPC's are responsible for the production of a FPP which will be completed in such format as CPG shall require.
- 17.6 The DPC's shall each present an updated FPP to their respective directorate management teams quarterly for approval throughout the year.
- 17.7 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 & Partnership Overview & Scrutiny Committee.
- 17.8 The Council maintains a Contract Register the purpose of which is to:
- (a) record key details of all Contracts with an aggregate value of £10,000 or more; and
 - (b) identify a Contract reference number.
- 17.9 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 Retention and Destruction Schedule.
- 18.0 GATEWAY PROCESS REPORTS INCLUDING NOTIFICATION OF SECTION 151 OFFICER AND MONITORING OFFICER**
- 18.1 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).

18.2 The whole Contract financial value thresholds for the purposes of **Rule 18.1** are:

- (a) works Contracts - £100,000
- (b) services Contracts – £100,000

18.3 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 her. No procurement should commence before the Gateway Process report is approved.

18.4 The whole Contract financial value thresholds for the purposes of **Rule 18.3** are:

- (a) works Contracts - £1m
- (b) services Contracts – EU Threshold

18.5 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 **Rules 18.1 and 18.3**.

19.0 CONTRACT MONITORING

19.1 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 as the basis for any permitted extension to the Contract.

Contract Variation

19.2 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.

20.0 TRAINING FOR PROCUREMENT

20.1 Any Officer involved in procurement activities shall have received a level of formal training commensurate with the nature of the procurement activity being undertaken.

21.0 DECLARATION OF INTERESTS

21.1 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).

CONTRACT PROCEDURE RULES

SUGGESTED AMENDMENTS

Rule	Current Wording	Proposed Amendment	Reason
1.1	ACE(LDS) Assistant Chief Executive (Legal and Democratic Services)	ACE(LDS) <u>means</u> Assistant Chief Executive (Legal and Democratic Services)	To provide clarity
1.1	Constitution the Council's Constitution of which these Rules form part	Constitution <u>means</u> the Council's Constitution of which these Rules form part	To provide clarity
1.1	Contract 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	Contract <u>means</u> 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	To provide clarity
1.1		Contract Register <u>means</u> the register of Contracts maintained by the Council as set out in Rule 17.8	Insertion of definition that was previously included within the Rule
1.1	Contractor a person with whom the Council has a contract	Contractor <u>means</u> a person or entity with whom the Council has a contract	To provide clarity
1.1		CD-SR <u>means</u> the <u>Corporate Director - Strategic Resources</u>	Moved to right place in Definitions.
1.1		CPG <u>means</u> the <u>Corporate Procurement Group</u>	New definition to provide clarity

Rule	Current Wording	Proposed Amendment	Reason
1.1	Council North Yorkshire County Council	Council means North Yorkshire County Council	To provide clarity
1.1	Director 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	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	To provide clarity
1.1		DPC means a <u>Directorate Procurement Champion</u>	Insertion of definition that was previously included within the Rule
1.1	EU European Union	EU means the European Union	To provide clarity
1.1		EU Threshold means the current threshold above which the PCR's apply, currently £173,934 for services and supplies and £4,348,350 for works	New definition inserted as the EU Threshold changes every two years and so it is easier to change the value in the definition rather than throughout the Rules
1.1	E-tendering system the Council's chosen E-tendering system (currently SCMS)	E-Sourcing system means the Council's chosen E-sourcing system (currently YORTender) or an approved alternative	Definition amended to capture the change of the electronic sourcing system
1.1		FPP means the Forward Procurement Plan maintained as described in Rule 17.5	Insertion of definition that was previously included within the Rule
1.1		Framework Agreement means an	New definition inserted to

Rule	Current Wording	Proposed Amendment	Reason
		<p>agreement with one or more public sector bodies which establishes an arrangement for:</p> <p>(i) <u>multiple orders to be placed with one Contractor (a single supplier framework), or</u></p> <p>(ii) <u>a framework of multiple Contractors to engage in further competitions (a multiple supplier framework).</u></p>	<p>provide clarity about what a Framework Agreement is</p>
1.1		<p><u>Gateway Process</u> means the Council's risk based gateway procurement process that combines assessment and understanding of various aspects of risk with appropriate review and scrutiny at defined points in the procurement cycle</p>	<p>New definition inserted to provide clarity about what the Gateway Process is</p>
1.1		<p><u>ITT</u></p> <p>means an Invitation to Tender</p>	<p>New definition of a frequently used term within the Rules</p>
1.1	<p>Leasing Agreement 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</p>	<p>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</p>	<p>To provide clarity</p>
1.1		<p><u>LDSO</u></p> <p>means a Legal and Democratic Services Officer</p>	<p>New definition of a frequently used term within the Rules</p>
1.1	<p>MEA Most Economically Advantageous</p>	<p>MEAT</p> <p>means the Most Economically Advantageous Tender</p>	<p>To provide clarity</p>

Rule	Current Wording	Proposed Amendment	Reason
1.1	Member a member of the Council or co-opted member on a Council committee	Member means a member of the Council or co-opted member on a Council committee	To provide clarity
1.1	Officer a Council employee or other authorised agent	Officer means a Council employee or other authorised agent	To provide clarity
1.1	OJEU the Official Journal of the European Union	OJEU means the Official Journal of the European Union	To provide clarity
1.1		Participant means a person or entity participating in a procurement process	New definition inserted to provide clarity and to replace the definition of Tenderer
1.1	Person any individual, partnership, company, trust, other local authority, Government department or agency	Person means any individual, partnership, company, trust, other local authority, Government department or agency	To provide clarity
1.1		PQQ means the Pre-Qualification Questionnaire	New definition of a frequently used term within the Rules
1.1		Procurement Manual means the manual to accompany these Rules which provides detailed guidance on procurement techniques and the effect of the Rules	Insertion of definition that was previously included within the Rule
1.1	Procurement Strategy the Council's Procurement Strategy as agreed from time to time	Procurement Strategy means the Council's Procurement Strategy as agreed from time to time	To provide clarity
1.1	Property Contract a Contract which creates an estate or interest in land or buildings	Property Contract means a Contract which creates an estate or interest in land or buildings	To provide clarity

Rule	Current Wording	Proposed Amendment	Reason
1.1		PCR means the <u>Public Contracts Regulations 2006 (as amended)</u>	New definition of a frequently used term within the Rules
1.1	Responsible Officer the Officer who is responsible for the procurement and/or management of a Contract	Responsible Officer means the Officer who is responsible for the procurement and/or management of a Contract	To provide clarity
1.1	Rules these Rules	Rules means these Rules	To provide clarity
1.1	Tenderer a person who has expressed an interest in tendering for a Contract or who has tendered for a Contract	Delete	To reflect the defined term being amended to Participant in order to provide clarity
1.1	Veritau the Council's appointed internal audit contractor	Internal Audit means the Council's appointed internal auditors (currently Veritau)	Definition amended to provide clarity
1.1	YPO the Yorkshire Purchasing Organisation	YPO means the Yorkshire Purchasing Organisation	To provide clarity
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 3.3 (ii) CD-SR - Rules 2.1, 2.4 and 2.5 (iii) ACE(LDS) - Rules 2.1, 2.4 and 2.5 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)	(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 8.8, 8.9, 12.2, 16.1(h), 16.3 and 18.1 (ii) CD-SR - Rules 2.1, 2.4, 2.5, 8.8, 8.9, 12.2, 16.1(h), 16.3, 17.3 and 18.1 (iii) ACE(LDS) - Rules 2.1, 2.4, 2.5, 8.8, 8.9, 12.2, 16.1(h) and 16.3 where delegation is not permitted. A record of all duties and responsibilities as delegated under these Rules is to be maintained by each	To update the Rules which refer explicitly to Directors, CD-SR and ACE(LDS)

Rule	Current Wording	Proposed Amendment	Reason
2.2	<p>These Rules apply to all contracts for works, supplies and services but do not apply to:-</p> <p>(a) contracts of employment;</p> <p>(b) property contracts; and</p> <p>(c) financial instruments (including, but without limitation, shares, bonds, bills of exchange, future or options contracts).</p>	<p>Director, the CD-SR and the ACE(LDS)</p> <p>These Rules apply to all contracts for works, goods, supplies and services but do not apply to:-</p> <p>(a) contracts of employment;</p> <p>(b) <u>property contracts (which are covered by the Property Procedure Rules);</u> and</p> <p>(c) financial instruments (including, but without limitation, shares, bonds, bills of exchange, future or options contracts) <u>which are covered by the Financial Procedure Rules).</u></p>	<p>Wording added to reflect the provisions of the Public Contracts Regulations 2006</p> <p>To add clarity to the reader</p> <p>To add clarity to the reader</p>
2.4	<p>The CD-SR (in consultation with the ACE(LDS)) shall review the application and effect of these Rules and make an annual report to the Audit Committee recommending such amendments to the Rules as are considered appropriate.</p>	<p>The CD-SR (in consultation with the ACE(LDS)) shall review the application and effect of these Rules and make an annual report <u>or as required but no less than once per year</u> to the Audit Committee recommending such amendments to the Rules as are considered appropriate.</p>	<p>To enable the CPR's to be amended more frequently than once per year if required.</p>
2.5	<p>The CD-SR and the ACE(LDS) have produced a <i>Procurement Manual</i> which provides detailed guidance on procurement techniques and the effect of the Rules. The Manual also sets out important issues to be considered in the procurement context including, but not limited to, the following:</p> <ul style="list-style-type: none"> ◆ TUPE ◆ Sustainability ◆ Equalities 	<p>The CD-SR and the ACE(LDS) have produced a <i>Procurement Manual</i> which provides detailed guidance on procurement techniques and the effect of the Rules. The <u>Procurement Manual</u> also sets out important issues to be considered in the procurement context. <u>These Rules should be read in conjunction with the Procurement Manual.</u></p>	<p>To provide clarity and to direct the reader to ensure the guidance in the Procurement Manual is sought where appropriate</p>
2.7	<p>Directors shall ensure that all documentation relating to contracts is retained in accordance with the Council's</p>	<p>Directors shall ensure that all documentation relating to <u>Contracts and procurement processes (including quotations)</u> is retained in accordance with the Council's</p>	<p>To ensure the requirements of the Council's Records Retention and Destruction Schedule are</p>

Rule	Current Wording	Proposed Amendment	Reason
2.9	<p>Records Retention and Destruction Schedule.</p> <p>Wherever possible and appropriate procurement shall be undertaken using the standard precedent documents contained in the Procurement Manual applying to invitations to tender or to submit quotations. The standard pre qualification questionnaire must be used for all procurements. Wherever alternative documents are to be used they must be approved by ACE(LDS) in consultation with CD-SR as appropriate</p>	<p>Records Retention and Destruction Schedule.</p> <p>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 Directorate Procurement Champion) as appropriate.</p>	<p>properly adhered to</p> <p>To use the properly defined terms and to simplify the sign off process</p>
5.0	<p>5.0 SIGNATURE/SEALING OF CONTRACTS</p> <p>5.1 Every written contract must be either signed or sealed in accordance with this Rule and where contracts have a value exceeding £50,000 they must be either sealed, or signed by two Officers as described below.</p> <p>5.2 The ACE(LDS) and such of her staff as she may designate are authorised to sign any such contract.</p> <p>5.2.1 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 the financial limits in Rule 5.3 provided that:-</p>	<p>6.0 SIGNATURE/SEALING OF CONTRACTS</p> <p>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 must be either sealed, or signed by two Officers as described below.</p> <p>6.2 The ACE(LDS) and such of her staff as she may designate are authorised to sign any such contract.</p> <p>6.2.1 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 <u>£500,000</u> provided that:-</p>	<p>Renumbered 6.0.</p> <p>The previous financial limits have been removed and one financial limit of £500,000 is now in place to allow consistency across all Directorates</p>

Rule	Current Wording	Proposed Amendment	Reason
	<p>(a) appropriate authority exists for the Council to enter into the contract, and 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)</p> <p>and</p> <p>(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</p> <p>5.3 The financial limits relating to Rule 5.2 are:</p> <p>(a) Health and Adult Services Directorate, Business and Environmental Services Directorate and Central Services Directorate £500,000</p> <p>(b) Children and Young People's Service Directorate £200,000</p> <p>(c) Chief Executive Officer's Unit £50,000</p> <p>5.4 Contracts that exceed the financial limits specified in Rule 5.3 shall be signed by:</p> <p>(a) the ACE(LDS) (or a Legal and</p>	<p>(a) appropriate authority exists for the Council to enter into the Contract, and the contract is either:-</p> <p>(b) (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</p> <p>(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</p> <p>6.2.2 Contracts that exceed <u>£500,000</u> shall be signed by:</p> <p>(a) the ACE(LDS) (or a Legal and Democratic Services' Officer authorised by her); and</p> <p>(b) an authorised signatory in the relevant Directorate (or another Legal and Democratic Services' Officer authorised by the ACE(LDS)).</p> <p>6.2.3 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.</p>	<p>Amended to reflect the new single financial limit</p>

Rule	Current Wording	Proposed Amendment	Reason
	<p>Democratic Services' Officer authorised by her); and</p> <p>(b) an authorised signatory in the relevant Directorate (or another Legal and Democratic Services' Officer authorised by the ACE(LDS)).</p> <p>5.5 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.</p>		
6.0	<p>6.0 FORM OF CONTRACT</p> <p>6.1 Every contract exceeding £100 in value shall be evidenced in writing (by the use of an order form, exchange of correspondence or other written medium).</p> <p>6.2 Every contract exceeding £20,000 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) (in consultation with the CD-SR). 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.</p> <p>6.3 The written form of agreement for all contracts exceeding £20,000 in value must clearly specify the obligations of the Council and the Contractor and shall include:-</p>	<p>5.0 FORM OF CONTRACT</p> <p>5.1 Every contract exceeding £100 in value shall be evidenced in writing (by the use of an order form, exchange of correspondence or other written medium).</p> <p>5.2 Every contract exceeding £20,000 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.</p> <p>5.3 The written form of agreement for all contracts exceeding £20,000 in value must clearly specify the obligations of the Council and the Contractor and shall include:- (a) the work to be done or the goods or</p>	Renumbered 5.0.

Rule	Current Wording	Proposed Amendment	Reason
	<p>(a) the work to be done or the goods or services to be supplied</p> <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>6.4 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 goods or services to be supplied shall be subject to a separate procurement exercise in accordance with these Rules.</p> <p>6.5 The written form of agreement for all contracts exceeding £20,000 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>(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</p>	<p>services to be supplied</p> <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><u>5.4</u> 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 goods or services to be supplied shall be subject to a separate procurement exercise in accordance with these Rules.</p> <p><u>5.5</u> The written form of agreement for all contracts exceeding £20,000 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>(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>	

Rule	Current Wording	Proposed Amendment	Reason
	<p>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>(b) “If the Contractor is in persistent and/or material breach of contract the Council may terminate the Contract and purchase the supplies, works or services from a third party and the Council may recover the cost of doing so from the Contractor”.</p> <p>6.5.1 Other standard Rules are contained in the Procurement Manual relating to, for example, freedom of information, data protection, equalities, sustainability and best value; these are not mandatory for each such written agreement referred to in Rule 6.5 above, but should be included where appropriate.</p>	<p>the Council may terminate the Contract immediately and will be entitled to recover all losses resulting from such termination”.</p> <p>(b) “If the Contractor is in persistent and/or material breach of contract the Council may terminate the Contract and purchase the supplies, works or services from a third party and the Council may recover the cost of doing so from the Contractor.”</p> <p><u>5.6</u> The standard Rules 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 £20,000 in value.</p> <p><u>5.7</u> Other standard Rules are contained in the Procurement Manual relating to, for example, equalities, Public Services (Social Value) Act 2012, sustainability and best value; these are not mandatory for each such written agreement referred to in Rule 5.5 above, but should be included where appropriate.</p>	<p>To clarify the importance of including FOI and DPA provisions within the Contract wherever possible</p> <p>To reflect the new legislation</p>
7.1	<p>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 £20,000 in value.</p>	<p>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 (Gateway 2).</p>	<p>To amend the financial limit as the current limit is too low.</p> <p>To refer to the Gateway Process in order to reflect the Council's risk assessment mechanism</p>
8.2	<p>If the estimated value of a contract exceeds £5,000 but is less than £10,000 at least three written quotations must be invited from suitable potential Contractors. The estimated value of the contract shall be recorded in</p>	<p>If the estimated value of a contract exceeds £5,000 but is less than £20,000 at least three written quotations must be invited from suitable potential Contractors. The estimated value of the contract shall be recorded in</p>	<p>The financial limit has been increased. The threshold has not been amended since at least 2005 and, as such limits refer to</p>

Rule	Current Wording	Proposed Amendment	Reason
	writing prior to quotations being sought.	writing prior to quotations being sought.	<p>the whole life value of the contract, it is felt appropriate to increase the financial limit at which formal quotations are sought. The amendment accounts for</p> <ul style="list-style-type: none"> • Increases in the EU Threshold widening the gap between internal and external requirements. • The time value of money. <p>This will also correspond with the value in Rule 5.</p>
8.3	<p>If the estimated value of a contract exceeds £10,000, but is less than £50,000 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 and quotations must be invited using the e-tendering system.</p>	<p>If the estimated value of a contract exceeds £20,000, 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 and quotations must be invited using the <u>E-Sourcing</u> system.</p>	<p>The financial limit has been increased. The threshold has not been amended since at least 2005 and, as such limits refer to the whole life value of the contract, it is felt appropriate to increase the financial limit at which tenders are sought. The amendment accounts for</p> <ul style="list-style-type: none"> • Increases in the EU Threshold widening the gap between internal and external requirements. • The time value of money.
8.4	<p>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 (ie quotations</p>	<p>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 Rules 8.2 and 8.3 to also submit variant quotations (ie</p>	<p>To correct the reference</p>

Rule	Current Wording	Proposed Amendment	Reason
8.5	<p>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.</p> <p>A written quotation may only be considered if:-</p> <p>(a) it has been received electronically through the e-tendering 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 matter in the presence of at least two Officers authorised to open quotations.</p>	<p>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.</p> <p>A written quotation may only be considered if:-</p> <p>(a) it has been received electronically through the <u>E-Sourcing</u> 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 matter in the presence of at least two Officers authorised to open quotations.</p>	<p>To reflect the amended definition</p>
8.5	<p>Each Director shall maintain electronic or written records of all quotations received in accordance with the Document Retention Policy.</p>	<p>Rule deleted.</p>	<p>Rule deleted as Rule 2.7 now incorporates this requirement</p>
8.6	<p>Before quotations are requested it must be recorded in writing whether the lowest price or the MEA quotation should be accepted. Where both price and quality are to be factors (ie where MEA 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. Advice should be sought from the CD-SR on the design and operation of any evaluation model to be used as part of the selection process.</p>	<p>Before quotations of a value in excess of £20,000 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 (ie where 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.</p>	<p>Wording added to provide clarity</p>

Rule	Current Wording	Proposed Amendment	Reason
8.7	Price/quality quotation evaluation models must be lodged with Veritau before any quotations are opened.	Price/quality quotation evaluation models shall be lodged with Internal Audit before any quotations are opened. <u>The Director shall evaluate quotations using the evaluation model lodged with Internal Audit.</u>	To reflect the amended definition and to provide consistency
8.8	If:- (a) a quotation other than the lowest or the MEA quotation (as the case may be) is to be accepted, or (b) fewer than three quotations have been received, 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 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.	The requirement to obtain approval from the CD-SR to proceed to award where fewer than 3 quotations have been received has been removed due to being unnecessarily cumbersome. The Gateway Process and the role of the Directorate Procurement Champions will ensure this is governed satisfactorily.
8.9	A quotation for a price in excess of £50,000 may be accepted if (and only if):- (a) the original documented estimated price was less than £50,000 and (b) the price quoted does not exceed that original documented estimated price by more than 10% and (c) the written approval of the Director (in consultation with the CD-SR) has been obtained. If the conditions at (a), (b) and (c) are not met, Directors must seek tenders in accordance with Rule 9 .	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 original documented estimated price by more than 10% and (c) the written approval of the Director (in consultation with the CD-SR) has been obtained. If the conditions at (a), (b) and (c) are not met, Directors must seek tenders in accordance with Rules 9 and 10 .	The value has been amended to reflect the change to Rule 8.2.2
8.10	Where a quotation involves payment to the Council, the provisions of Rules 8.6 and 8.8 shall apply except that the word "lowest" shall be replaced by the word	Where a quotation involves payment to the Council, the provisions of Rules 8.6 and 8.8 shall apply except that the word "lowest" shall be replaced by the word	Renumbering.

Rule	Current Wording	Proposed Amendment	Reason
	"highest" in these paragraphs.	"highest" in these paragraphs.	
8.11		Quotations may be altered only in accordance with <u>Rules 13.1 and 13.2.</u>	Moved from 12.3 in order to contain all provisions relating to quotations within one Rule for clarity.
	Risk Assessment	Financial Stability	New heading to provide clarity.
9.1	If the estimated value is £50,000 or more electronic tenders must be invited using the e-tendering system in accordance with the following provisions of this Rule.	8.12 If the estimated value of the Contract is £100,000 or more tenders shall be invited in accordance with the provisions of this Rule.	New value inserted to reflect the increased threshold. 'Shall' inserted to clarify the obligation to obtain tenders
9.2		9.2 If the estimated value of the Contract exceeds the relevant EU Threshold the additional requirements for OJEU Procurements, set out in <u>Rule 10.3</u> , shall be followed.	New Rule inserted to ensure the additional requirements of the Public Contracts Regulations are met
		General Requirements	New heading
9.2-9.3	9.2 Before Directors invite tenders it must be recorded in writing whether the lowest price or the MEA tender is to be accepted. Where both price and quality are to be factors (i.e. where MEA applies) the quality criteria must be identified and the weighting between price and quality established and recorded before tenders are invited. The criteria, sub-criteria and weighting should be stated in the invitation to tender sent to tenderers. Advice should be sought from the CD-SR on the design and operation of any evaluation model to be used as part of the selection process.	9.3 Before Directors invite tenders it shall be recorded in writing for all Contracts whether the price or the Most Economically Advantageous Tender (MEAT), a combination of price and quality. 9.4 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 wording previously contained within Rules 9.2 and 9.3 has been separated out into shorter Rules and amended slightly in order to simplify and clarify the process. New defined terms have been added
9.3	All potential Contractors invited to submit		

Rule	Current Wording	Proposed Amendment	Reason
	<p>tenders shall be provided in all instances with identical information and instructions. Where considered appropriate, a Director may, (in consultation with the CD-SR) permit potential Contractors who have been selected to submit tenders under Rule 9.1 to also submit variant tenders (ie tenders which do not comply with some or all of the requirements of the primary tender). The same opportunity to submit variant tenders must be given to all potential Contractors.</p>	<p>the <u>ITT</u>.</p> <p><u>9.5</u> 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".</p> <p><u>9.6</u> All Participants invited to submit tenders shall be provided with identical Instructions and information.</p> <p><u>9.7</u> Where considered appropriate, a Director may, in consultation with the DPC, permit Participants to submit variant tenders (ie 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.</p> <p><u>9.8</u> 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.</p>	
9.4	Questionnaire and tender evaluation models must be lodged with Veritau before any documents are opened.	Rule deleted.	Rule now covered by Rule 9.8
9.5-9.5.1	Directors must seek tenders on the basis of one of the following procedures:-	Rule deleted	Rule now covered by Rule 10.2 in order to simplify the process

Rule	Current Wording	Proposed Amendment	Reason
<p>9.5.1</p> <p>(a)</p> <p>(b)</p> <p>(c)</p>	<p>Restricted Tenders</p> <p>A notice inviting expressions of interest must be given on the e-tendering system and, in appropriate, in a newspaper (which may be local, regional, or national but must be appropriate for the subject matter of the contract) and/or in a suitable trade journal where appropriate. Consideration should be given to the subject matter and value of the contract when deciding which form of advertising to use. Where required an OJEU Contract Notice must also be placed. The notice must specify brief details of the subject matter of the contract and invite potential contractors to apply to the Council to be considered for invitation to tender by the Council. Details must be included in the notice specifying how such expressions of interest are to be submitted and the closing date for their receipt by the Council.</p> <p>The deadline date must be at least 28 days after the first advertisement for the contract is published and, where relevant, at least 14 days after the last advertisement is published. Where an OJEU Notice is required, the deadline date must be in accordance with the timescales set out in the Public Contracts Regulations 2006.</p> <p>The selection criteria which are to be applied in evaluating expressions of interest must be recorded in writing before the expressions of interest are invited and must be stated in the documents sent to suppliers. Evaluation models must be lodged with Veritau before</p>		

Rule	Current Wording	Proposed Amendment	Reason
	<p>expressions of interest are opened.</p> <p>(d) After expressions of interest have been received the Director (in consultation with the CD-SR and such other Officers as are appropriate having regard to the subject matter and likely value of the contract) shall evaluate the expressions of interest received.</p> <p>(e) After evaluation, invitations to tender shall be sent to at least five tenderers selected by the Director in consultation with the CD-SR or, if less than five tenderers applied or are considered suitable, such tenderers as have been selected by the Director (in consultation with the CD-SR).</p> <p>(f) The award criteria which are to be applied in evaluating tenders must be recorded in writing before the tenders are invited and must be stated in the documents sent to suppliers. Evaluation models must be lodged with Veritau before tenders are opened.</p>		
9.8		<p><u>9.9</u> Directors shall invite tenderers on the basis of one of the options identified in Rule 10.</p>	<p>New wording inserted to introduce the different options of procurement available</p>
10.0		<p>10.0 OPTIONS FOR TENDER</p>	<p>New heading.</p>
		<p>Tenderers shall be invited on the basis of one of the following options:</p>	<p>New wording inserted to introduce the different options of procurement available</p>
9.5.2	<p>Open Tenders</p> <p>If a Director (in consultation with the CD-SR) considers it appropriate that any invitation to tender shall be made</p>	<p><u>10.1</u> Open Tenders</p> <p><u>10.1.1</u> If a Director, in consultation with the <u>DPC</u>, considers it to be appropriate that any <u>ITT</u> shall</p>	<p>The wording previously contained within Rule 9.5.2 has been separated out into shorter Rules and amended slightly in</p>

Rule	Current Wording	Proposed Amendment	Reason
	<p>to all potential contractors, the following procedures shall apply:-</p> <p>(i) An invitation to tender notice must be given on the e-tendering system and, if appropriate, in a newspaper (which may be local, regional or national but must be appropriate for the subject matter of the tender) and/or in a suitable trade journal where appropriate. Consideration should be given to the subject matter and value of the contract when deciding which form of advertising to use. Where required, an OJEU Contract Notice must also be placed. The notice must specify brief details of the subject matter of the contract, how documents may be obtained and the tender closing date.</p> <p>(ii) The deadline date must be at least 28 days after the publication of the first advertisement for the initiation to tender notice and, where relevant, at least 14 days after the last invitation to tender notice is published. Where an OJEU Notice is required, the deadline date must be in accordance with the timescales set out in the Public Contracts Regulations 2006.</p> <p>(iii) The selection and award criteria which are to be applied in evaluation tenders must be recorded in writing before the tenders are invited and must be stated in the document sent to suppliers. Evaluation models must be lodged with</p>	<p>be available to all potential Participants then the following procedures shall apply:-</p> <p>(i) A notice <u>advertising the opportunity shall be published through the E-Sourcing System</u> and, if considered appropriate, a <u>local newspaper</u> and a <u>suitable professional or trade journal or website</u>. <u>The form of advertising shall take into account the value, location and subject matter of the Contract</u>. The notice <u>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</u>.</p> <p>(ii) The <u>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</u>.</p> <p>(iii) The criteria which are to be applied in <u>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</u>.</p> <p>(iv) <u>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 and value of the Contract</u>.</p> <p>(v) <u>The evaluation model shall be lodged with Internal Audit before any submission documents are opened</u>.</p>	<p>order to simplify and clarify the process.</p> <p>All provisions relating to Open Tenders are now contained within this Rule</p> <p>New defined terms have been added</p>

Rule	Current Wording	Proposed Amendment	Reason
	Veritau before tenders are opened.	The evaluation model shall not be divulged to Participants.	
		Restricted Tenders	
9.5.1	<p>9.5.1 Restricted Tenders</p> <p>(a) A notice inviting expressions of interest must be given on the e-tendering system and, in appropriate, in a newspaper (which may be local, regional, or national but must be appropriate for the subject matter of the contract) and/or in a suitable trade journal where appropriate. Consideration should be given to the subject matter and value of the contract when deciding which form of advertising to use. Where required an OJEU Contract Notice must also be placed. The notice must specify brief details of the subject matter of the contract and invite potential contractors to apply to the Council to be considered for invitation to tender by the Council. Details must be included in the notice specifying how such expressions of interest are to be submitted and the closing date for their receipt by the Council.</p> <p>(b) The deadline date must be at least 28 days after the first advertisement for the contract is published and, where relevant, at least 14 days after the last advertisement is published. Where an OJEU Notice is required, the deadline</p>	<p>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 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 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 the 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 advertisement is published.</p> <p>(iii) The selection criteria which are to be</p>	<p>The wording previously contained within Rule 9.5.1 has been separated out into shorter Rules and amended slightly in order to simplify and clarify the process.</p> <p>All provisions relating to Restricted Tenders are now contained within this Rule</p> <p>New defined terms have been added</p>

Rule	Current Wording	Proposed Amendment	Reason
	<p>date must be in accordance with the timescales set out in the Public Contracts Regulations 2006.</p> <p>(c) The selection criteria which are to be applied in evaluating expressions of interest must be recorded in writing before the expressions of interest are invited and must be stated in the documents sent to suppliers. Evaluation models must be lodged with Veritau before expressions of interest are opened.</p> <p>(d) After expressions of interest have been received the Director (in consultation with the CD-SR and such other Officers as are appropriate having regard to the subject matter and likely value of the contract) shall evaluate the expressions of interest received.</p> <p>(e) After evaluation, invitations to tender shall be sent to at least five tenderers selected by the Director in consultation with the CD-SR or, if less than five tenderers applied or are considered suitable, such tenderers as have been selected by the Director (in consultation with the CD-SR).</p> <p>(f) The award criteria which are to be applied in evaluating tenders must be recorded in writing before the tenders are invited and must be stated in the documents sent to suppliers. Evaluation models must be lodged with Veritau before tenders are opened.</p>	<p>applied in the evaluation of the PQQ's shall be recorded in writing before the PQQ's are invited and shall be included the documents provided to all Participants.</p> <p>(iv) <u>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.</u></p> <p>(v) <u>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.</u></p> <p>(vi) <u>The deadline date for the receipt of tenders shall be at least 40 days after the date of dispatch of the ITT's.</u></p> <p>(vii) <u>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.</u></p> <p>(viii) <u>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.</u></p> <p>(ix) <u>The evaluation model shall be lodged with Internal Audit before any</u></p>	

Rule	Current Wording	Proposed Amendment	Reason
10.3		<p>submission documents are opened. The evaluation model shall not be divulged to potential Contractors.</p> <p>10.3 OJEU Tenders Tenders for Contracts which exceed the EU Threshold shall be invited and awarded as prescribed in Rule 10.1 or Rule 10.2 but taking into account the following amendments:</p> <p>10.3.1 Open Tenders: the deadline date for the return of tenders shall be a minimum of 52 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.</p> <p>10.3.2 Restricted Tenders: the deadline date for the return of PQQ's shall be at least 37 days after the publication of the first advertisement of the opportunity. The deadline date for the receipt of tenders shall be at least 40 days after the date of publication of the ITT.</p> <p>10.3.3 The minimum deadline dates for Open and Restricted tenders may be reduced to a period generally not less than 36 days and in any event not less than 22 days if a Prior Information Notice (PIN) has been published in accordance with the PCR's.</p>	<p>To provide clarity regarding the additional requirements that must be adhered to in respect of Contracts falling within the Public Contracts Regulations.</p>
9.5.4	<p>9.5.4 Framework Agreements If a Director (in consultation with the CD-SR) considers it appropriate to establish a framework agreement then the framework will</p>	<p>10.4 Framework Agreements 10.4.1 If a Director considers it appropriate to establish a Framework Agreement then the Framework Agreement shall be established</p>	<p>The wording previously contained within Rule 9.5.4 has been separated out into shorter Rules and amended slightly in</p>

Rule	Current Wording	Proposed Amendment	Reason
	<p>be established using the procedures set out in either Rule 9.5.1 or 9.5.2. The procedure prescribed by the Public Contracts Regulations 2006 shall apply to all aspects of the procurement and operation of the framework agreement including (but without limitation):-</p> <ul style="list-style-type: none"> (i) The procurement methodology; (ii) Any orders placed under the framework agreement; (ii) The re-opening of competition between contractors who have been awarded framework agreement (ie further competitions); and (iv) The duration of a framework agreement (which shall not exceed four years). 	<p>using the procedures set out in either Rule 10.1 or 10.2.</p> <p><u>10.4.2</u> 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:</p> <ul style="list-style-type: none"> (i) the procurement methodology; (ii) the placement of orders under the Framework Agreement; (iii) further competition between Contractors appointed to the Framework Agreement (ie further competitions). <p><u>10.4.3</u> 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.</p>	<p>order to simplify and clarify the process.</p> <p>All provisions relating to Framework Agreements are now contained within this Rule</p> <p>New defined terms have been added</p>
9.5.3	<p>9.5.3 Approved Lists</p> <p>If a Director (in consultation with the CD-SR) considers it appropriate to maintain an approved list of suitable contractors for particular types and/or values of work and the estimated value of the work is below the Public Contracts Regulations 2006 threshold the following procedures shall apply:-</p> <ul style="list-style-type: none"> (i) A notice must be given on the e-tendering system and if appropriate in a newspaper (which may be local, regional or national but must be appropriate for the subject matter of the contract) and or in a suitable trade journal where appropriate. The notice must specify brief details of the subject 	<p>10.5 Approved Lists</p> <p><u>10.5.1</u> If a Director considers it appropriate to maintain a list of suitable Contractors for particular types of work and/or goods and/or services where the estimated value of the work and/or goods and/or services is below the relevant EU Threshold, the list of suitable Contractors shall be established using the procedures set out below:</p> <ul style="list-style-type: none"> (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 	<p>The wording previously contained within Rule 9.5.3 has been separated out into shorter Rules and amended slightly in order to simplify and clarify the process.</p> <p>All provisions relating to Approved Lists are now contained within this Rule</p> <p>New defined terms have been added</p>

Rule	Current Wording	Proposed Amendment	Reason
	<p>matter of the approved list and invite potential contractors to apply to the Council to be considered for inclusion on the approved list. Details must be included on the notice how such expressions of interest are to be submitted and the closing date for their receipt by the Council.</p> <p>(ii) This deadline date must be at least 28 days after the first advertisement for the approved list is published 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 evaluating expressions of interest must be recorded in writing and stated in documents sent to tenderers before the expressions of interest are invited.</p> <p>(iv) After expressions of interest have been received the Director (in consultation with the CD-SR and such other officers as are appropriate having regard to the subject matter and likely value of such type of contract(s)) shall evaluate the expressions of interest received. The Director shall then maintain a list of such approved contractors categories by value and/or type of contract.</p> <p>(v) The Director may remove contractors from an existing approved list where the Director and CD-SR and the ACE(LDS) agree that such removal is appropriate, having regard to the</p>	<p>brief details of the Contract and invite Participants to apply to the Council to be considered for inclusion on the approved list by the Council. <u>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.</u></p> <p>(ii) <u>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.</u></p> <p>(iii) <u>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.</u></p> <p>(iv) <u>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.</u> The Director shall then maintain a list of approved contractors categorised by works type and value as may be applicable.</p> <p>(v) <u>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.</u></p> <p>(vi) <u>The Director may remove contractors from an approved list where the Director and CD-SR</u></p>	

Rule	Current Wording	Proposed Amendment	Reason
9.5.5	<p>9.5.5 Negotiated Procedure and Competitive Dialogue</p> <p>Where the ACE(LDS) and the CD-SR agree that it is appropriate, the Negotiated Procedure or the Competitive Dialogue Procedure may be used in accordance with the Public Contracts Regulations 2006</p>	<p>Negotiated Procedure and Competitive Dialogue</p> <p><u>10.6.1</u> Where a Director in consultation with CD-SR agrees that it is appropriate, the Negotiated Procedure or the Competitive Dialogue Procedure may be used for the invitation to tenders in accordance with the requirements of the PCR's.</p>	<p>The obligation to consult with ACE(LDS) has been removed to allow the decision regarding a negotiated or competitive dialogue process to be taken by the Director in consultation with the CD-SR. As the Gateway process will apply to any such procurement this will ensure the</p>
	<p>conduct and/or status of the contractor and all other relevant factors.</p> <p>(vi) The Director (in consultation with the CD-SR) may approve an application from a potential contractor to be added to an existing approved list.</p> <p>(vii) Invitations to tender shall be sent via the e-tendering system to at least five contractors on the approved list or to all contractors on the approved list if it includes fewer than five contractors.</p> <p>(viii) Each Director shall maintain arrangements so as to provide the CD-SR, on request, with a report of tenders invited from approved lists which will include the names of persons invited to tender and the reasons for selection.</p> <p>(ix) Approved Lists may remain in force for no longer than five years; before the expiration of the Approved List a replacement shall be established (if appropriate) in accordance with Rule 9.5.3.</p>	<p>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 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>	

Rule	Current Wording	Proposed Amendment	Reason
10.	10.0 GENERAL TENDER REQUIREMENTS	11.0 RECEIPT AND OPENING OF TENDERS	decision has been reviewed by ACE(LDS).
10.1	<p>A written tender may only be considered if:-</p> <p>(a) it has been received electronically through the e-tendering system, or</p> <p>(b) 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 tenderer cannot be ascertained from the tender envelope, and</p> <p>(c) subject to Rule 10.4, the tender has been returned electronically through the e-tendering system or to the ACE(LDS) (or a person designated by her) before the tender closing date.</p>	<p>A written tender may only be considered if:-</p> <p>(a) it has been received electronically through the e-tendering system, or</p> <p>(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 <u>Participant</u> cannot be ascertained from the tender envelope,</p> <p>(c) <u>and</u> subject to Rule 11.4, it has been returned electronically through the <u>E-Sourcing System</u> or to the ACE(LDS) (or a person designated by her) <u>in accordance with the instructions contained in the ITT</u> before the tender closing date.</p>	<p>New title to clarify the Rule</p> <p>Renumbering</p> <p>To reflect the requirement for tenders to be submitted via the e-sourcing system as a first resort to comply with Central Government requirements re e-tendering</p> <p>To clarify the Rule</p>
10.2		Renumber <u>11.2</u> .	To reflect new numbering
10.3	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 her) or, where Legal and Democratic Services is undertaking the procurement, the CD-SR (or an Officer designated by him). Whoever opens the 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 tenderers and	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 her) 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	Wording added to ensure the tender opening schedule is sent to the relevant Director as well as Internal Audit

Rule	Current Wording	Proposed Amendment	Reason
	the tendered sums (where readily ascertainable). A copy of such a record shall be provided as soon as practicable to Veritau	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 <u>Director inviting the tenders and to Internal Audit.</u>	
10.4		Renumber <u>11.4.</u>	To reflect new numbering
10.5	<p>Risk Assessment</p> <p>10.5 Before a Contract is awarded after a tender 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.</p>	Rule deleted.	Moved to Rule 12.5
11.	<p>11.0 TENDER EVALUATION AND ACCEPTANCE</p>	<p>12.0 TENDER EVALUATION AND ACCEPTANCE</p>	Re-numbered
11.1	Where tenders are to be evaluated on the basis of MEA or price only the Director shall record the evaluation model to be used to score the selection and award criteria referred to in Rule 9.2 prior to the tenders being opened. The evaluation model should not be communicated to tenderers without the approval of the CD-SR (in consultation with the ACE(LDS)). A copy of the evaluation model should be sent to Internal Audit.	<p><u>12.1</u> The Director shall <u>evaluate</u> tenders using the evaluation model <u>lodged</u> with Internal Audit in accordance with Rules 9.8, 10.1.1(v) and 10.2.1(ix).</p>	Rule amended as provisions now incorporated into Rule 9.5.1
11.2	A summary of the selection and award criteria and sub criteria with their weighting should be communicated to tenderers. A copy of all evaluation models must be sent to Veritau before any documents are opened.	Rule deleted.	Rule deleted as provisions now incorporated into Rule 9.5.1
11.3	Full evaluation models, marking guidance or model answers must not be communicated to Tenderers.	Rule deleted.	Rule deleted as provisions now incorporated into Rule 9.5.1

Rule	Current Wording	Proposed Amendment	Reason
11.4	<p>If:-</p> <p>(a) a tender other than the lowest or the MEA (as the case may be) is to be accepted, or</p> <p>(b) fewer than three tenders have been received</p> <p>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 Officer) must be obtained before a tender is accepted and a signed and dated record kept of the reasons for the action taken; however, no such approval can be given in respect of (a) above where that contract is subject to the Public Contracts Regulations 2006 other than in exceptional circumstances agreed by the ACE(LDS).</p>	<p><u>12.2</u> 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 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).</p>	<p>The requirement to obtain approval from the CD-SR to proceed to award where fewer than 3 tenders have been received has been removed due to being unnecessarily cumbersome. The Gateway Process and the role of the Directorate Procurement Champions will ensure this is governed satisfactorily.</p>
11.5	<p>Each Director shall maintain an electronic or written record of all successful tenderers in a form approved by the CD-SR in accordance with the Document Retention Policy.</p>	<p><u>12.3</u> 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 Document Retention Policy.</p>	<p>Renumbered. Consistency of terminology.</p>
11.6	<p>Where a tender involves payment to the Council, Rules 9.2 and 11.4 shall apply except that the word "highest" shall be substituted for "lowest" in those Rules.</p>	<p>Rule deleted.</p>	<p>Moved to Rule 12.8</p>
12.	<p>12.0 ALTERATIONS TO TENDERS/ QUOTATIONS AND POST TENDER NEGOTIATIONS</p> <p>12.1 Tenders may not be altered by Tenderers after the tender closing date except:-</p> <p>(a) where the Director is satisfied that arithmetical errors having been inadvertently made by the</p>	<p>Rule deleted.</p>	<p>Moved to Rule 12.4</p>

Rule	Current Wording	Proposed Amendment	Reason
(b) (c)	Tenderer, such errors can be corrected; or where post tender negotiation is undertaken in accordance with Rule 12.2 ; or where post tender clarification is undertaken in accordance with Rule 12.4 .		
12.4		<u>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.</u>	Some text used from Rule 12.1(a).
12.5		<u>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).</u>	Moved from Rule 10.5 and amended to provide clarity and to link the financial assessment to the Gateway Process
12.6		<u>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.</u>	To include the requirement for feedback to be provided to all Participants
12.7		<u>For OJEU tenders the Director shall wait for 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.</u>	To capture the requirements of the Public Contracts Regulations 2006
12.8		<u>Where the tender involves payment to the Council</u>	Moved from Rule 11.6

Rule	Current Wording	Proposed Amendment	Reason
		Rules 8.8 and 12.2 shall apply except that the word "highest" shall be substituted for "lowest" in those Rules.	
13.0		13.0 POST TENDER NEGOTIATION AND CLARIFICATION	
12.2-12.4	<p>Post tender negotiations may not be undertaken where the value of the contract exceeds the threshold under the Public Contracts Regulations 2006 (where an OJEU Notice is required). Where post tender negotiations are permitted, post tender negotiations with selected tenderers must be in accordance with the following conditions:-</p> <p>(a) that the Director (in consultation with the CD-SR) considers that added value may be obtained</p> <p>(b) that post tender negotiations are permitted by law</p> <p>(c) that post tender negotiations are conducted by a team of suitably experienced officers approved by the Director and trained in post tender negotiations</p> <p>(d) that a record of the negotiations is kept by the Council</p> <p>(e) that a clear record of the added value obtained by the post tender negotiations is incorporated into the Contract with the successful tenderer.</p> <p>12.3 Rules 12.1 and 12.2 shall also apply to alterations to quotations.</p> <p>12.4 Rules 12.1, 12.2 and 12.3 shall not operate to prevent clarification of any tender or quotation to the extent permitted by law and where such clarifications</p>	<p>13.1 Post tender negotiations may not be undertaken where the value of the contract exceeds the relevant EU Threshold.</p> <p>13.2 Post tender negotiations with selected tenderers shall 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 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 12.2 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</p>	To clarify and simplify the requirements

Rule	Current Wording	Proposed Amendment	Reason
	are sought the provisions of Rules 12.2 (c) and (d) shall apply except the word 'clarification' shall be substituted for the word "negotiation" in these Rules.	word "clarification" shall be substituted for the word "negotiation" in these Rules.	
13.0	PURCHASING CARDS	14.0 PURCHASING CARDS	Renumbered
13.1	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 6.1 the payment invoice will constitute evidence in writing of the contract.	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 the payment invoice will constitute evidence in writing of the contract.	Renumbered
14.0	CERTIFICATION OF CONTRACTS	15.0 CERTIFICATION OF CONTRACTS	Renumbered
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 Corporate Director - Strategic Resources.	15.1 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 <u>CD-SR</u> .	Renumbered and insertion of defined term
15.0	EXCEPTIONS TO CONTRACT PROCEDURE RULES	16.0 EXCEPTIONS TO CONTRACT PROCEDURE RULES 8, 9 AND 10	Renumbered

Rule	Current Wording	Proposed Amendment	Reason
15.1	<p>A Director does not need to invite quotations or tenders in the following circumstances:-</p> <p>(a) purchases via framework agreements which have been established by other public sector bodies or consortia (including, but not limited to YPO) and where such framework agreements are lawfully accessible to the Council, or</p> <p>(b) purchases at public auctions, or</p> <p>(c) the purchase of supplies, works or 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 threshold of the Public Contracts Regulations 2006; or</p> <p>(d) the instruction of Counsel by the ACE(LDS), or</p> <p>(e) repairs to or the supply of parts for existing proprietary machinery or plant except where the value of the contract exceeds the relevant threshold of the Public Contracts Regulations 2006, or</p> <p>(f) social care contracts which are classifiable as 'Part B Services' under the Public Contracts Regulations 2006 where:-</p> <p>(i) the service is currently supplied by a contractor to the satisfaction of the Corporate Director Health and Adult Services or the Corporate</p>	<p><u>16.1</u> A Director does not need to invite quotations or tenders in accordance with Rules 8, 9 and 10 in the following circumstances:-</p> <p>(a) purchases via framework agreements which have been established by other public sector bodies or consortia (including, but not limited to YPO) and where such framework agreements are lawfully accessible to the Council, <u>except where the requirements of the individual framework require a further competition to be conducted or</u></p> <p>(b) purchases at public auctions, or</p> <p>(c) the purchase of supplies, works or 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 <u>EU Threshold</u>; or</p> <p>(d) the instructions of Counsel by the ACE(LDS); or</p> <p>(e) repairs to or the supply of parts for existing proprietary machinery or plant except where the value of the contract exceeds the relevant <u>EU Threshold</u>; or</p> <p>(f) social care contracts <u>with a value below the EU Threshold</u> where:-</p> <p>(i) <u>the service is currently supplied by a Contractor to the satisfaction of the Corporate</u></p>	<p>Wording added to clarify circumstances in which there is not an exception to the CPR's re Framework Agreements</p> <p>Defined term inserted</p> <p>Defined term inserted</p> <p>Defined term inserted</p> <p>New set of Rules inserted at (f) to capture those social care contracts outside the Public Contracts Regulations</p>

Rule	Current Wording	Proposed Amendment	Reason
	<p>Director Children and Young People's Service 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 Corporate Director Health and Adult Services and the Corporate Director Children and Young People's Service is satisfied that the urgency of the need for the service prevents the invitation of quotations or tenders</p> <p>(g) contracts where 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,</p>	<p><u>Director Health and Adult Services or the Corporate Director Children and Young People's Service, 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</u></p> <p>(ii) <u>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</u></p> <p>(iii) <u>where the Corporate Director Health and Adult Services and the Corporate Director Children and Young People's Service 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</u></p> <p>(g) social care contracts which are classifiable as 'Part B Services' under</p>	<p>Previous (f) renumbered as (g). Defined term inserted</p> <p>Additional requirement that service should be offering value for money inserted to ensure value for money is always been sought in social care contracts</p>

Rule	Current Wording	Proposed Amendment	Reason
	whenever this rule applies.	<p>the <u>PCR's</u> where:-</p> <p>(i) the service is currently supplied by a contractor to the satisfaction of the Corporate Director Health and Adult Services or the Corporate Director Children and Young People's Service, <u>is considered to be offering value for money</u> 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 <u>or</u> 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 Corporate Director Health and Adult Services <u>or</u> the Corporate Director Children and Young People's Service is satisfied that the urgency of the need for the service prevents the invitation of quotations or tenders <u>in which case consideration shall be given to</u></p>	<p>Requirement to consider the duration of the Contract added where an exception is sought for reasons of urgency. In this way urgent Contracts may be entered into for a short term whilst a longer term option is sought without being an exception to the Rules</p> <p>Reworded to clarify CD-SR decision with ACE(LDS) agreement</p>

Rule	Current Wording	Proposed Amendment	Reason
16.2		<p>(h) <u>the duration of that service.</u> 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.</p>	
16.2		<p>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.</p>	<p>Inserted to enable the exception to apply without specific reference to the ACE(LDS) but requiring the decision to be recorded in the Gateway report</p>
15.3	<p>(a) Specific exceptions to Contract Procedure Rules are permitted in such other circumstances as the CD-SR and the ACE(LDS) may agree.</p> <p>(b) Requests for waiver 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.</p> <p>(c) The ACE(LDS) shall maintain a register of all requests made under 15.2(b) and the responses given to them.</p>	<p>16.3 Waivers</p> <p>(a) Specific exceptions to Rules 8, 9 and 10 are permitted in such other circumstances as the CD-SR and the ACE(LDS) may agree.</p> <p>(b) 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.</p> <p>(c) The ACE(LDS) shall maintain a register of all requests made under this Rule and the responses given to them.</p>	<p>Clarifying the provisions regarding the process to obtain waivers</p>
16.0	COMPLIANCE, CONTRACT REGISTER AND	17.0 COMPLIANCE, CONTRACT REGISTER AND	Renumbered

Rule	Current Wording	Proposed Amendment	Reason
	FORWARD PROCUREMENT PLANS	FORWARD PROCUREMENT PLANS	
16.1		Renumber <u>17.1</u> .	Renumbered
16.2	Each Director 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 .	<u>17.2</u> 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 .	To allow CPG and the DPC's to take responsibility for ensuring compliance with the Rules
16.3		Renumber <u>17.3</u> .	Renumbered
16.4	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 " Procurement Champions " in this Rule.	<u>17.4</u> 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 ".	To reflect the change in title
16.5	Procurement Champions are responsible for the production of a Forward Procurement Plan ('FPP') which will be completed in such format as the CD-SR shall require and which will include the following details: (a) contracts for works, supplies and services worth £10,000 or more which the Directorate intends to award in the next financial year (b) in respect of each contract to be awarded: (i) the service unit and Responsible Officer (ii) the subject matter of the contract (iii) the date the procurement	<u>17.5</u> <u>DPC's</u> are responsible for the production of <u>FPP</u> which will be completed in such format as <u>CPG</u> shall require.	To insert defined terms and to enable flexibility in the format of the FPP

Rule	Current Wording	Proposed Amendment	Reason
16.6	<p>process is expected to start</p> <p>(iv) the date the contract is expected to start</p> <p>(v) the duration of the contract</p> <p>(vi) the contract's annual value</p> <p>(vii) the procurement methodology to be adopted.</p> <p>The Procurement Champions shall present their Directorate FPP to the Corporate Procurement Members' Working Group annually at such time as the CD-SR shall require (which will normally be at the commencement of the new financial year). The updated FPP shall be presented to Directorate management Teams quarterly for approval throughout the remainder of the year.</p>	<p><u>17.6</u> The DPC's shall each present an updated FPP to their respective directorate management Teams quarterly for approval throughout the year.</p>	<p>Rule split into two for clarity.</p>
17.7		<p><u>17.7</u> 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.</p>	<p>Rule split into two for clarity</p> <p>Replacement of reference to Corporate Procurement Members' Working Group with Corporate and Partnership Overview and Scrutiny Committee</p>
16.7	<p>The Council has established, as part of its Corporate Procurement Strategy, a Contract Register which forms part of the e-tendering system ('the Register') the purpose of which is to:</p> <p>(a) record key details of all contracts with an aggregate value of £10,000 or more</p> <p>(b) identify a contract reference number.</p>	<p><u>17.8</u> The Council maintains a Contract Register the purpose of which is to:</p> <p>(a) record key details of all contracts with an aggregate value of £10,000 or more;¹</p> <p>and</p> <p>(b) identify a contract reference number.</p>	<p>To reflect the change from establishment of the Contracts Register to maintenance of it</p>

Rule	Current Wording	Proposed Amendment	Reason
16.7. 1	<p>Procurement Champions shall ensure that:-</p> <p>(a) all relevant contracts are entered onto the Register and the appropriate contract number recorded</p> <p>(b) the 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.</p>	<p>17.9 DPC's shall ensure that:-</p> <p>(a) all relevant contracts (including those Contracts to which Rule 16 applies) are entered onto the <u>Contract Register</u> and the appropriate contract number recorded</p> <p>(b) the <u>Contract Register</u> 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.</p>	<p>To reflect the defined term</p> <p>To reflect the requirement for all Contracts to be entered on to the Contracts Register, including those which have been entered into on reliance upon an exception to the CPR's</p>
16.8	<p>Following the award of a contract, the Procurement Champions shall ensure the completed contracts e-form is completed and submitted on-line.</p>	<p>Rule deleted.</p>	<p>No longer applicable</p>
17.0	<p>REVIEW OF PROCUREMENT PROJECTS AND CONTACT MONITORING</p>	<p>Rule 17.1 deleted. Rule 17.2 moved to 19.1</p>	<p>To order the Rules in a more logical sequence</p>
18.	<p>NOTIFICATION OF SECTION 151 OFFICER AND MONITORING OFFICER</p>	<p>GATEWAY PROCESS REPORTS INCLUDING NOTIFICATION OF SECTION 151 OFFICER AND MONITORING OFFICER</p>	<p>To reflect use of Gateway Process</p>
18.1	<p>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 report for consideration by the responsible Corporate Director, the Assistant Director with responsibility for finance within that Directorate, and the ACE(LDS) or by a Legal and Democratic Services Officer authorised by her. No procurement should commence before the Gateway report is approved. The report shall include the estimated "whole life" financial value of the contract, the</p>	<p>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 responsible Corporate relevant Directorate Management Team or the relevant Director, the Assistant Director with responsibility for finance within that Directorate, and the <u>DPC ACE(LDS)</u> or by a LDSQ authorised by her. No procurement should commence before the Gateway <u>Process</u> report is approved. The report shall include the estimated</p>	<p>To update the Gateway Process requirements, insert defined terms and correct spelling mistake</p>

Rule	Current Wording	Proposed Amendment	Reason
	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).	"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).	
18.2	The whole contract financial value thresholds for the purposes of Rule 18.1 are: (a) works contracts - £1m (b) services contracts (except in respect of social care and the appointment of Counsel) - £150,000 (c) social care contracts - £500,000 (d) supply contracts (except in respect of equipment and other assets including vehicles and hardware) - £1m (e) equipment and other assets including vehicles and hardware - £100,000.	The whole contract financial value thresholds for the purposes of Rule 18.1 are: (a) works contracts - <u>£100,000</u> (b) services contracts - <u>£100,000</u>	To simplify the financial limits at which permission to proceed with the Contract must be sought
18.3		When a procurement is being considered which is expected to exceed the financial value thresholds specified in Rule 18.3 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 her. No procurement should commence before the Gateway Process report is approved.	
18.4		The whole Contract financial value thresholds for the purposes of Rule 18.3 are: (a) works Contracts - £1m	

Rule	Current Wording	Proposed Amendment	Reason
19.		(b) services Contracts – EU Threshold	Moved from 17.2
19.1		<p><u>19.0</u> <u>19.1</u> <u>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 as the basis for any permitted extension to the Contract.</u></p> <p><u>Contract Variation</u> <u>19.2</u> <u>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.</u></p>	<p>To introduce the requirement to obtain approval from ACE(LDS) to certain variations to Contracts to ensure the Public Contracts Regulations are complied with</p>
19.		<u>20.0</u> TRAINING FOR PROCUREMENT	Renumbered
19.1	Any officer involved in procurement activities should have received a level of formal training commensurate with the nature of the procurement activity being undertaken.	<u>20.1</u> Any officer involved in procurement activities shall have received a level of formal training commensurate with the nature of the procurement activity being undertaken.	To reflect the requirement for training to have been undertaken
20.	DECLARATION OF INTERESTS	Renumber Rule <u>21.0</u> .	Renumbered

Rule	Current Wording	Proposed Amendment	Reason
20.1		Renumber Rule <u>21.1</u> .	Renumbered

NORTH YORKSHIRE COUNTY COUNCIL

EXECUTIVE

29 October 2013

SCHOOL FUNDING REFORM

1.0 **Purpose of Report**

- 1.1 This report sets out a summary of work undertaken by the Directorate and the Schools Forum and final proposals to be recommended to the Council in order to meet the DfE's deadline for implementation in April 2014.
- 1.2 The Executive is
- asked to agree to the implementation of number of changes to school funding for 2014-15, specifically regarding sparsity and lump sum, mobility, low need and high need and to recommend these changes for approval at County Council on 13th November
 - asked to note the changes agreed by the Schools Forum with regard to funds for falling rolls, pupil growth and past and future reorganisations

2.0 **BACKGROUND**

- 2.1 Following a meeting of the Schools Forum on September 18th, a consultation on the local implementation of the DfE's proposals for school funding was launched with all schools in North Yorkshire.
- 2.2 Consultation papers were published to all schools (LA Maintained and Academies) via the "electronic red bag" system on 19th September. This is actually a public website and this meant that the consultation was in fact available to other groups and organisations, the press and the general public. These consultation papers, showing the impact on individual schools, can be found at: <http://cyps.northyorks.gov.uk/schoolfunding>
- 2.3 A number of very well attended consultation meetings were held throughout the county. In total there were over 150 attendees at these, from all sectors – primary, secondary and special, LA-maintained and Academy. Additional meetings were also held with over 200 school finance staff, the Primary Joint Development Panels, and School Improvement Network meetings. Opportunity has also been taken to discuss the recommendations with Diocesan representatives.
- 2.4 At the end of the process, we have had 44 responses which accounts for around 12% of schools¹. This equates to 11% primary and 18% LA secondary. No academies responded. 2 schools responded with comments only.
- 2.5 The feedback from the consultation was considered at a special meeting of the Schools Form on the 17th October and at a meeting of the Young People's Overview and Scrutiny Committee. This paper will deal with the issues raised

¹ Last year's responses numbered 83 or 22% of schools

and recommendations from the Schools Forum and will also include final proposals for each section.

3.0 INTRODUCTION

- 3.1 In 2011 the Department for Education (DfE) confirmed that it would be introducing a National Funding Formula (NFF), to distribute the Dedicated Schools Grant. This was part of the Department's reform of the school funding system, to make it "fairer, more consistent and transparent and so funding intended for education reaches schools and the pupils that need it most".
- 3.2 This National Funding Formula, however, would not be implemented until the beginning of the next Spending Review period (2015). To smooth its implementation the funding arrangements for 2013-14 and 2014-15 would be changed: LAs and Schools Forums would have to work with a set of restrictions in an attempt to "standardise" school funding across the country. Because of the variations expected under these new arrangements, the Minimum Funding Guarantee would continue (-1.5% in 2013/14 and 2014/15, but unknown for future years).
- 3.3 Following concerns expressed by a large number of LAs and schools across the country regarding the consequences of the restrictions being imposed, the DfE promised a review of the arrangements but only after implementation.
- 3.4 In February 2013 the DfE launched this review and, as part of it, the Department visited a small number of Local Authorities, including North Yorkshire, where we outlined our concerns about the impact of the new arrangements.
- 3.5 These concerns were highlighted in our response to that review:
- The ability to allocate funding to small schools in rural areas. No recognition was taken of this in the new arrangements
 - The requirement to have the same size of lump sum for all schools, regardless of whether the school was primary or secondary and had 15 or 1,500 students
 - Funding for pupil mobility: the changes to this did not allow us to target the funding at schools where needed
 - Deprivation funding: the use of purely income-related measures was not suitable for a rural local authority
- 3.6 On 5 June 2013 the Minister for Schools, David Laws, announced the publication of the DfE's [findings from the review of the 2013/14 arrangements and details of the changes that will be made to the 2014/15 settlement](#). The DfE stated that these changes "will move us closer to a national funding formula and will also address concerns that have been raised with [them] over recent months". The changes permitted to LAs are set out in section 4 of this paper, along with some directed changes by the Department.
- 3.7 The consultation paper set out some proposals concerning the permitted (and in some cases, directed) changes and schools were asked to comment on

these. As indicated earlier, the Schools Forum subsequently met on 17th October and agreed the recommendations in this paper.

3.8 The proposals cover 5 main areas as set out in the following sections.

Section 5: Sparsity and Lump Sum

Section 6: Mobility

Section 7: Falling Rolls and Pupil Growth

Section 8: Low Needs Element 2 Funding (relates to Special Educational Needs)

Section 9: High Needs (relates to Special Educational Needs)

4.0 CONTEXT

4.1 Under legislation which took effect from April 2013, all Local Authorities (LAs) are being required to make significant changes to the way in which schools are funded. Last year North Yorkshire County Council consulted with schools on those changes.

4.2 Despite all of the work taken to minimise turbulence for individual schools, the implementation of the new system in April still left cause for concern. Following a review by the DFE, LAs – in consultation with School Forums – are being given some flexibility to modify the new formula and introduce some small, but significant changes for April 2014. These opportunities have arisen in no small part due to the previous concerns expressed by NYCC.

4.3 Council Officers have been working closely with the Schools Forum and in particular members of the School Forum Sub Group on potential changes. We are all indebted to the time Forum members have committed to exploring possible options.

4.4 During the course of this work discussions have taken place between the Corporate Director and members of the sub group. All parties were keen to ensure that recommendations from the School Forum were located within the context of our wider strategy for educational provision across the county; keen to ensure that the funding proposals and our wider strategic approach to school organisation and school improvement are compatible. In those discussions the Corporate Director re-emphasised the political and managerial ambition to:

- See all schools in North Yorkshire being judged as good or outstanding;
- For all schools to be working in partnership with others either through informal collaborations or through more statutory federations / trust arrangements;
- See a focus on overall educational arrangements within a geographic area rather than on simply protection of the current institutional status quo;
- Reduce the potential disruption to the education of children and young people through the introduction of unnecessary or historic additional points of transition;

- Recognise the significance of schools as part of a wider local community and to avoid unnecessary prolonged travel arrangements for young people when quality affordable provision could be maintained locally through creative partnership arrangements;
 - Prepare well for the projected growth in primary pupil numbers albeit not necessarily in the areas with current spare capacity
 - Enable governing bodies to provide in partnership with others a depth, breadth and quality of teaching and learning through successful recruitment of the best leaders and teachers to our local schools.
- 4.5 The local proposals, set within the nationally complex and challenging debate, are consistent with the strategic intent expressed above.

5.0 SPARSITY AND LUMP SUM

- 5.1 Extensive modelling has been undertaken on this most important aspect of the formula. The current lump sum allocates funding to each school at £127k. This was the amount which was found to cause least turbulence to most schools, albeit it was seen as a “holding position” until a review of the funding took place. An amount of this size provides significant non-pupil related funding to smaller primary schools, at the expense of larger ones. However, it is arguably too low to provide the right level of funding to our smaller secondary schools.
- 5.2 In addition, from April 2014, local formulae can contain a new sparsity factor. This factor only applies to schools which are small (with fewer than 150 primary or 600 secondary pupils) and which also qualify under a new – and rather complicated – distance measurement. This measurement does not take account of the distance between schools. Instead it uses the following calculation to determine whether a school qualifies:
- Identify the pupils for whom a small Primary School is their nearest school. For example, there might be 100 pupils for whom this is true.
 - For each of those 100 pupils, measure the distance they live from their second nearest school. The second nearest school will include faith schools but will not include selective schools (such as grammar schools).
 - Take an average of these distances to derive the sparsity distance. For a Primary School, if the average is over two miles, it is eligible for sparsity funding. The distance for secondary schools was suggested by the DfE as 3 miles
 - Parental choice has no bearing on this
- 5.3 As the consultation paper noted, it is of course possible to put together any number of options which would have very different outcomes. An additional amount of anything less than say around £50k (made up of a combination of lump sum and sparsity allocation) would cause financial pressures at all small primary schools. A lump sum of £175k would protect (in some cases, significantly over-protect) smaller schools, but only to the cost of other (larger) schools.
- 5.4 As part of carrying out this work with the Schools Forum Funding Sub Group, we looked at the lump sum which the North Yorkshire formula contained prior to the DfE changes. This showed that the largest lump sum – which was tapered, i.e. it reduced as schools became bigger – was around £75k. The old

formula did however contain some additional funding for premises which was not pupil-related, although this differed at each school, being based on the physical size of the property. The final proposals reflect this work.

- 5.5 Following discussion with the Forum, the size of a small primary school in North Yorkshire has been proposed as 90 pupils (150 would include over 2/3rds of our primary schools) and the distance has been increased to 3 miles (primary) and 4 miles (secondary). The DfE measurement of sparsity used distances “as the crow flies.” The Council applied to use “road distance” as a measure, but this has not been allowed – as the DfE does not have this data (even though LAs do). Instead we have been allowed exceptions for the 4 primary schools where road distance is 3 miles and as the crow flies is less than 2 miles, and also for a further 5 secondary schools where the road distance is more than 4 miles, but crow flies is 3². Therefore by reverting to the 2 and 3 miles crow distance (rather than 3 and 4 road) and using these exceptions, we can get back to the position of those schools we had originally included in our proposal. The only change is that, by using the lower crow flies distance, an additional 10 primary schools who would not have qualified under our original proposal will now be defined as sparse.
- 5.6 The proposals for lump sum and sparsity allocations are therefore:

	Primary	Secondary
Measure	As the crow flies	As the crow flies
Mileage	2	3
Lump Sum	£85k	£175k
Sparsity factor	£50k tapered	£100k fixed
Exceptions for	Schools with crow flies >2, road distance >3	Schools with crow flies >3, road distance >4

- 5.7 Concerns have previously been expressed at the Forum, its funding Sub Group and at some of the consultation meetings about the impact on a minority of schools that will face some funding pressures should the proposal be implemented. Following some detailed work to assess the impact on children, the consultation paper highlighted that some primary schools would need to review working arrangements as a result of the eventual loss of funding. Under the revised proposals, this would potentially amount to around 40 schools, equivalent to 4% of primary pupils.
- 5.8 The LA has committed to support these schools during the next 3-4 years (this timescale is based on the assumption that transitional arrangements will be in place during that time), should the proposal be adopted.
- 5.9 During this time, the LA will be able to call on some reserves to help resource this support, however it may be necessary to go back to the Forum to consider other options which would facilitate and incentivise a culture whereby schools would more readily be willing to work together or change their organisational arrangement. This might include, for example, the reintroduction of a split site allowance to allow a single school to operate across a number of sites.
- 5.10 Executive is also asked to note that the proposal is in line with the government’s expectations about the funding of schools, particularly in the light of the national funding formula. One of the DfE’s stated intentions is that although the NFF will include arrangements which will “avoid necessary small

² We are in the process of recalculating the road distance of 3 secondary schools– Caedmon, SFX and Holy Family – with more accurate road distance data which may result in these schools not qualifying

schools becoming unviable... the sparsity factor will not address the needs of small schools which are not in rural areas.”

- 5.11 Similarly, the Department’s documentation talks about schools which are “unavoidably small” and specifically notes that the sparsity factor will take account of selective schools (such as grammar schools), but not faith schools.
- 5.12 The LA has also begun a strategic review of school organisation and the proposal is considered to be consistent with this review.
- 5.13 It is also useful to note that under the current arrangements, Lump Sum funding in North Yorkshire (effectively protecting all small primary schools) in 2013-14 accounts for 25% of the total delegated budget, while AWPU³ is 64%. This AWPU proportion is much lower than the national average which is around 80%.
- 5.14 Our current Primary AWPU is £2,483. Analysis published by the DfE shows that 19 LAs have an AWPU lower than £2,500; 133 are above this, with the majority being more than £2,750. Our proposal would increase primary AWPU to around £2,770⁴.
- 5.15 Current pupil-led funding is 83%. However within this, primary is 73% and secondary 94%. For 2014-15 this figure must be higher than 80%. The proposals would make these 80% primary and 92% secondary (86% overall).
- 5.16 **In summary, and consistent with the analysis above and consultation responses, the proposal as described at 5.6 above is therefore made to the Executive. It carries the support of the School Forum.**

6.0 FUNDING FOR PUPIL MOBILITY

- 6.1 Local formulae may now contain a factor for pupil mobility. This is intended to address the additional costs incurred by schools that experience high levels of pupils leaving and joining throughout the academic year. Responding to concerns that the factor used in 2013-13 did not address the quantity of mobile pupils, the DfE has set a 10% threshold, so that funding will be targeted at schools which experience the highest levels of mobility. This is something which we argued for and locally welcome.
- 6.2 As part of the consultation we asked if the overall funding total for mobility (within the primary and secondary sectors) should change. The overwhelming majority of respondents said that it should not and this was also supported by the Schools Forum.
- 6.3 **There is no choice as to how we allocate the funding. This is prescribed nationally. Therefore the recommendation to the Executive only relates to the level of allocation with the clear view from consultation being that we should use the same levels of funding as those currently existing for primary and secondary schools.**

7.0 FALLING ROLLS AND PUPIL GROWTH

- 7.1 As part of the consultation we asked whether it would be right to set aside some contingency funds to help schools with falling rolls, pupil growth and existing commitments for school organisation. The amounts suggested were:

³ Age Weighted Pupil Unit – funding per pupil

⁴ The final figure is subject to data changes

- a) To create specific funds to support schools with exceptional falling rolls (£300k) and pupil growth (£200k)
 - b) To use £400k to meet existing transitional commitments and to meet the costs associated with future reorganisations which are not related to basic need
- 7.2 Responses from schools gave an overwhelming endorsement to this suggestion and this was also recommended by the Schools Forum. The Forum has subsequently agreed a process for the allocation of the falling rolls and pupil growth funds.
- 7.3 As this is a decision where authority lies with the Forum, Executive is asked simply to note this.

8.0 LOW NEEDS FUNDING

- 8.1 Sections 8 and 9 of this report relate to the funding which schools receive to provide support for those children with additional needs. The national regulations now require LAs to top up funding above a new £10,000 limit for individual children with additional needs from the High Needs budget. This means that the £10,000 “Low Needs” must be found by schools from within their delegated budgets.
- 8.2 The £10,000 limit is split into Element 1 (universal) funding of £4,000, plus £6,000 of Element 2 (Low Needs) funding.
- 8.3 Element 2 funding is currently allocated using proxy indicators of prior attainment and deprivation and we have sought to allocate funding in a way which has better – albeit limited – correlation between the indicators and the needs of individual children.
- 8.4 Top-up funding above £10K is known as Element 3 and our current practice has been to fund the full amount of Element 2 when the level is reached. This has contributed to the growing financial pressures in the High Needs budget and therefore the option also included the proposal that the funding freed up by the changes in High Needs (additional delegation to schools of Element 2 for physical, sensory and medical statements which is currently managed centrally, as well as the end of double funding) would be used to reduce that financial pressure, but also to create a contingency of £1.2m.
- 8.5 This contingency would be available to support a minority number of schools which have particular difficulties because of their disproportionate number of high need pupils where the amount allocated via the proxy indicators for Element 2 was insufficient to enable schools to meet the resource required by the statement (or Education Health and Care Plan, as it will become).
- 8.6 DfE guidance states that “local authorities must make sure that the budget shares of schools and academies have an appropriate amount that enables them to contribute to the costs of the whole school’s additional SEN support arrangements, up to the new mandatory cost threshold of £6,000 per pupil.”
- 8.7 Following detailed discussions with the Forum informed by the consultation, the principle of moving to a model which has a better correlation as described above was adopted.

- 8.8 The proposal is therefore to allocate funding for this element within the current totals for each sector (the original proposal would have moved £500k from secondary to primary schools) and to reduce the percentage of resources to be allocated by reference to mobility from 6% to 3% following the directed change to introduce a threshold of 10%. The freed up funding would be allocated by reference to Age Weighted Pupil Numbers. The final formula therefore is therefore proposed as

DfE prescribed formula factors used in distributing Element 2 Funding	Existing Formula	Proposed Formula w.e.f. April 2014
AWPU	0%	9%
Lump Sum	0%	0%
FSM %	6.67%	6%
IDACI %	6.67%	6%
Mobility	6.66%	3%
LAC	0%	6%
Prior Attainment	80%	70%
Total	100%	100%

- 8.9 The Forum also acknowledged that the changes to top-up funding would help to ease the current budget pressures within the High Needs Block and, with the reallocation of approx. £500k of funding from within the Schools Block, a contingency of £1.2m could be set aside to help schools where the current funding falls short. The administration of this contingency will be subject to a strict allocation process and the Forum agreed the principle for this at its meeting on 17th October.

9.0 **HIGH NEEDS FUNDING**

- 9.1 The consultation paper asked a number of questions which related specifically to High Needs. Following discussions with the Forum, and in line with its recommendations, the following proposals are made:

- a) To amend the funding arrangements for Alternative Provision in the Scarborough, Whitby and Ryedale areas

This would, in the Whitby and Ryedale areas, establish designated Alternative Provision that would be funded in its own right for both statutory and discretionary services. This Alternative Provision would not constitute a Pupil Referral Unit. The Headteachers in the area would jointly manage the provision with one of the Secondary Schools taking the lead to employ the staff who provide the support for their area. The service would be provided off the school site. In the Scarborough Area this would cease providing funding for behaviour to the secondary schools and, with effect from April 2014, all alternative provision in the Scarborough Area would be provided by the Scarborough PRU.

- b) To provide additional top-up funding to Alternative Provision establishments for the very challenging pupils that were previously in a special school

Proposals were supported which will allow the LA to retain a budget to provide additional top-up funding for PRUs when they take very challenging pupils that were previously in a special school.

- c) To allocate the discretionary funding element of Alternative Provision funding using the following formula. This will reduce the level of year-on-year changes in the funding by reducing the percentage of funding allocated by reference Looked After Children and Young People known to the Youth Justice Service, as below:

	Current Option	Proposal
Pupil Number %	25%	50%
FSM %	12.5%	12.50%
IDACI %	12.5%	12.50%
LAC %	25%	12.50%
Youth Justice %	25%	12.50%

10.0 **Recommendations**

10.1 Executive is asked:

- a) To agree a sparsity factor and lump sum as per the following:

	Primary	Secondary
Measure	As the crow flies	As the crow flies
Mileage	2	3
Lump Sum	£85k	£175k
Sparsity factor	£50k tapered	£100k fixed
Exceptions for	Schools with crow flies >2 and road distance >3	Schools with crow flies >3 and road distance >4

- b) To endorse the investigation of measures which will incentivise changes in school organisation and working arrangements such as the re-introduction of a split site factor for 2015-16.
- c) To allocate the revised (directed) mobility factor within the current levels of funding
- d) To allocate Element 2 funding as set out below:

DfE prescribed formula factors used in distributing Element 2 Funding	Existing Formula	Proposed Formula w.e.f. April 2014
AWPU	0%	9%
Lump Sum	0%	0%
FSM %	6.67%	6%
IDACI %	6.67%	6%
Mobility	6.66%	3%
LAC	0%	6%
Prior Attainment	80%	70%
Total	100%	100%

- e) To introduce a mechanism for allocating this exceptional funding contingency as set out in paragraph 11.17 of the consultation paper (repeated at 7.9 above)
- f) To introduce funding arrangements for Alternative Provision in the Scarborough, Whitby and Ryedale areas as per the consultation
- g) To support the LA providing additional top-up funding for the very challenging pupils that were previously in a special school
- h) To support the new proposal for the allocation of discretionary AP funding as below:

	Current Option	Option2
Pupil Number %	25%	50%
FSM %	12.5%	12.50%
IDACI %	12.5%	12.50%
LAC %	25%	12.50%
Youth Justice %	25%	12.50%

10.2 To note the decision of the Forum regarding the following contingencies:

- a) To create specific funds to support schools with exceptional falling rolls (£300k) and pupil growth (£200k)
- b) To use £400k to meet existing transitional commitments and to meet the costs associated with future reorganisations which are not related to basic need

10.3 These decisions will be notified to the DfE as requested and will go forward to the Full Council on the 13 November 2013 for ratification. Any final changes to the proposed formula must then be sent to the Education Funding Agency in January 2014.

PETE DWYER
Corporate Director - Children & Young People's Service
18/10/13