

Cabinet

Agenda

Thursday 7 March 2019

The Cabinet will meet at SHIRE HALL, WARWICK on Thursday 7 March 2019 at 13.45.

Please note that this meeting will be filmed for live broadcast on the internet and can be viewed on line at warwickshire.public-i.tv. By entering the meeting room and using the public seating area you are consenting to being filmed. All recording will be undertaken in accordance with the Council's Standing Orders.

The agenda will be:

1. General

1) Apologies for Absence

2) Members' Disclosures of Pecuniary and Non-Pecuniary Interests

Members are required to register their disclosable pecuniary interests within 28 days of their election of appointment to the Council. A member attending a meeting where a matter arises in which s/he has a disclosable pecuniary interest must (unless s/he has a dispensation):

- Declare the interest if s/he has not already registered it
- Not participate in any discussion or vote
- Must leave the meeting room until the matter has been dealt with.
- Give written notice of any unregistered interest to the Monitoring Officer within 28 days of the meeting

Non-pecuniary interests must still be declared in accordance with the Code of Conduct. These should be declared at the commencement of the meeting.

3) Minutes of the meeting held on the 14 February 2019

To approve the minutes of the meeting held on 14 February 2019.

4) Public Speaking

To note any requests to speak in accordance with the Council's Public Speaking Scheme (see footnote to this agenda).

2. Approval to Submit Funding Bids to the Homes England Housing Infrastructure Fund

This report seeks approval to submit two funding bids to the Forward Funding Stream of the Homes England HIF.

Cabinet Portfolio Holders: Councillor Isobel Seccombe and Councillor Jeff Clarke

3. Allocation of 2019/20 Dedicated Schools Grant

The Dedicated Schools Grant (DSG) is the ring-fenced grant from Government that provides each local authority with an allocation of funding for schools and services for pupils. The 7 February 2019 budget resolution allocated £4.9 million of temporary funding (£3.3 million in 2019/20) to provide capacity to bring the DSG back into balance over three years. Part of this approval was the requirement to bring a report to Cabinet that sets out how the 2019/20 DSG will be used and the proposals for bringing it back into balance. This report meets these requirements.

Cabinet Portfolio Holder: Councillor Peter Butlin

4. Capital Investment Fund 2018/19 Quarter 4 Report

This report sets details of three schemes for support from the Capital Investment Fund.

Cabinet Portfolio Holder: Councillor Peter Butlin

5. Treasury Management Strategy

The Council is required to set a Treasury Management Strategy each year. This report sets out the proposed strategy for 2019/20.

Cabinet Portfolio Holder: Councillor Peter Butlin

6. Agency/Interim Staffing - Approval to Procure

This report seeks Cabinet approval to the commencement of a procurement process for the provision of agency/interim staff.

Cabinet Portfolio Holders: Councillor Kam Kaur and Councillor Peter Butlin

7. Warwickshire Fire and Rescue Service Integrated Risk Management Plan Action Plan 2019/20

Since 2003 every Fire and Rescue Authority has been subject to a statutory requirement to produce a local IRMP that fulfils the requirements of the Fire and Rescue National Framework for England. This report seeks Cabinet approval to the commencement of a consultation exercise on the draft IRMP.

Cabinet Portfolio Holder: Councillor Andy Crump

8. Review of Section 75 Partnership Agreement for the provision of integrated mental health services between Warwickshire County Council and Coventry and Warwickshire Partnership NHS Trust

A report that seeks Cabinet agreement to a further Partnership Agreement between Warwickshire County Council and Coventry and Warwickshire Partnership NHS Trust for the provision of integrated community mental health and social care services for a term of 3 years from 1 April 2019.

Cabinet Portfolio Holder: Councillor Les Caborn

9. Constitutional Review - Contract Standing Orders

This report sets changes to the Constitution required as a result of the Transformation Programme.

Cabinet Portfolio Holders: Councillor Kam Kaur and Councillor Peter Butlin

10. Any Urgent Items

Any other items the Chair considers are urgent

**David Carter
Joint Managing Director
Warwickshire County Council
March 2019**

Cabinet Membership and Portfolio Responsibilities

Councillor Izzi Seccombe OBE (**Leader of the Council and Chair of Cabinet**)
cllrmsseccombe@warwickshire.gov.uk

Councillor Peter Butlin (**Deputy Leader, Finance and Property**)
cllrbutlin@warwickshire.gov.uk

Councillor Les Caborn (**Adult Social Care and Health**)
cllrcaborn@warwickshire.gov.uk

Councillor Jeff Clarke (**Transport & Planning**)
cllrclarke@warwickshire.gov.uk

Councillor Andy Crump (**Fire & Rescue and Community Safety**)
cllrcrump@warwickshire.gov.uk

Councillor Colin Hayfield (**Education and Learning**)
cllrhayfield@warwickshire.gov.uk

Councillor Kam Kaur (**Customer and Transformation**)
cllrkaur@warwickshire.gov.uk

Councillor Jeff Morgan (**Children's Services**)
cllrmorgan@warwickshire.gov.uk

Councillor David Reilly (**Environment and Heritage & Culture**)
cllrreilly@warwickshire.gov.uk

Non-voting Invitees -

Councillor Jerry Roodhouse (**Leader of the Liberal Democrat Group**),
cllrroodhouse@warwickshire.gov.uk

Councillor Richard Chattaway (**Leader of the Labour Group**)
cllrchattaway@warwickshire.gov.uk

or their representatives.

Public Speaking

Any member of the public who is resident or who works in Warwickshire may speak at the meeting for up to three minutes on any item on the agenda for this meeting. This can be in the form of a statement or a question. If you wish to speak please notify Paul Williams (see below) in writing at least two clear working days before the meeting. You should give your name and address and the subject upon which you wish to speak. Full details of the public speaking scheme are set out in the Council's Standing Orders (Standing Order 34).

General Enquiries: Please contact Paul Williams, Democratic Services Team Leader

Tel 01926 418196 or email: paulwilliamscl@warwickshire.gov.uk

All public papers are available at www.warwickshire.gov.uk/cmis

**Minutes of the meeting of the Cabinet
held on 14 February 2019**

Present:

Cabinet Members:

Councillors	Izzi Seccombe OBE	Leader of Council and Chair of Cabinet
	Peter Butlin	Deputy Leader (Finance and Property)
	Les Caborn	Adult Social Care & Health
	Jeff Clarke	Transport & Planning
	Andy Crump	Fire & Rescue and Community Safety
	Colin Hayfield	Education and Learning
	Kam Kaur	Customer & Transformation
	Jeff Morgan	Children's Services
	Dave Reilly	Environment and Heritage & Culture

Non-Voting Invitees:

Councillor Richard Chattaway	Leader of the Labour Group
Councillor Jerry Roodhouse	Leader of the Liberal Democrat Group

Other Councillors:

Councillors Boad, Gilbert, Golby, Kondakor, Olnier, Parsons, Redford and Webb

Public attendance:

None

John Bridgeman CBE attended to present item 2, Kenilworth Station Review, as he was the Chair of the Review Task and Finish Group.

1. General

(1) Apologies for absence

None

(2) Members' Disclosures of Pecuniary and Non-Pecuniary Interests

Under agenda item 3 – "Business Rates Retention Reform and A Review of Local Authorities' Relative Needs & Resources – Responding to the Government's Consultation", Councillor Pete Gilbert declared an interest as a payer of business rates.

(3) Minutes of the meeting held on 22 January 2019 and Matters Arising

The minutes for the meeting held on 22 January 2019 were agreed as an accurate record and signed by the Chair.

(4) Public Speaking

None

2. Kenilworth Station Review

Councillor Izzi Seccombe (Leader of Council and Chair of Cabinet) welcomed John Bridgeman CBE, the independent Chair of the Kenilworth Station Review, to the meeting. John Bridgeman explained to Cabinet the complex nature of rail development projects adding that the UK is currently witnessing more rail infrastructure investment than any country other than China. The meeting was reminded that Warwickshire County Council has successfully supported the construction of six new stations over the last two decades. A series of challenges faced and managed by the Kenilworth station project were outlined. These included a change from planned track doubling to the retention of single track, enhancements to signalling, a change in rail operator franchise, the acquisition of rolling stock and crew training.

John Bridgeman expressed the view that despite the pressures involved in overcoming the various obstacles encountered it was clear that the County Council had not lost its ambition to achieve more in the rail field.

Councillor Jeff Clarke (Portfolio Holder for Transport and Planning) Commended John Bridgeman for his Chairing of the Review Task and Finish Group. A slight amendment was tabled to recommendation 6 of the report as it was considered to better reflect the current position.

Councillor Richard Chattaway (Leader of the Labour Group) commended the Task and Finish Group's report and expressed his support for the proposed change to recommendation 6 which he considered reinforced messages around the importance of good governance.

Councillor Keith Kondakor recognised that the "entry into service" period for new infrastructure and rail services can be particularly challenging. He looked forward to the introduction of a through service from Nuneaton to Leamington that would stop at Kenilworth and expressed the desire to see the doubling and electrifying of the route through Kenilworth and a new station constructed at Stockingford in Nuneaton.

Councillor Bill Olnier commended the report and echoed previous views regarding Stockingford Station.

Councillor Jerry Roodhouse (Leader of the Liberal Democrat Group) called for lessons to be learned around the importance of communication. This, he added, is particularly the case when considering the schedule for opening of any new facility.

Councillor Peter Butlin (Deputy Leader – Finance and Property) noted that since its opening the new Kenilworth station had proved a big success with passenger numbers above those which were originally forecast. The complexity of the project was again acknowledged with the need to work well with a range of partners being of particular note. It had, he added, been important to obtain the support of the local community to the station project. Fortunately, this had been forthcoming.

In response to a question from Councillor Sarah Boad, Cabinet was informed that an action plan would be prepared and that the report would be presented to a meeting of Kenilworth Town Council.

Resolved

That Cabinet agrees the following recommendations of the Kenilworth Station Task and Finish Group (TFG).

1. That the Leader of Warwickshire County Council should write to the Secretary of State for Transport requesting that future reviews take greater account of the needs of local authorities and partners in rail enhancement projects. This should particularly draw attention to the financial and social impact that changes in policy can have on on-going projects.
2. That the current practice of holding a “Lessons Learned” session on the completion of every major transport project, where considered appropriate involving all partners (including relevant elected representatives) be continued and that messages resulting from that session be published and circulated widely.
3. That given its track record of successful delivery of new stations Warwickshire County Council commits to the ongoing maintenance of a body of evidence regarding past major transport projects and lessons learned from them.
4. That at the inception of any major transport projects the Project Manager convenes a short life working group comprising council officers and members and other partners to review lessons learned from previous projects undertaken in Warwickshire and elsewhere
5. That, as is already the practice, at the commencement of a major transport scheme (once partners have been appointed/ identified) a meeting be convened by officers of Warwickshire County of senior representatives from those agencies involved to develop a mutual understanding of the project’s objectives and of roles and responsibilities. The meeting should be accompanied and guided by clear terms of reference placing it on a formal footing.
6. That the terms of reference for the Major Schemes Board be reviewed as part of the wider review of the approval and management of capital schemes which has now been commenced as part of the Council’s Transformation Programme.
7. That, recognising limitations on resources, the Leader of the Council writes to the Secretary of State for Transport with a request that consideration be given to ways in which rail industry partners enter into binding commercial agreements to deliver their agreed outputs.
8. That the Leader of the Council be asked to liaise with the Coventry and Warwickshire Local Enterprise Partnership (and other funding providers) to explain the negative effect that the application of very tight and rigid funding timescales can have on effective project management.

9. That during negotiations regarding funding partners who will be involved in project delivery be invited to liaise with fund holders to establish a common understanding of the challenges around timescales.
10. That from the commencement of a major transport project its nature and complexity and the reliance by partners on each other should be made explicit in all internal and external communications.
11. From the outset communications should be clear regarding the extent of the scheme, the services it will offer and the benefits it will bring. These messages should be repeated throughout the life of the project build.
12. That so far as is practicable all communications to the media and to communities be produced and broadcast collectively by all partners.
13. That whilst being honest and transparent completion dates for major transport schemes should be indicative only – as with the delivery of Highway Projects. This should be made clear in all communications.
14. That consideration be given to the adoption of the improvements to the entry into service process as suggested by SLC Rail. These are:
 - The appointment of an EiS Manager who will have overall responsibility to deliver the EiS element of the works needs to be identified & resourced in the early stages of GRIP 5 to assist the Project PM.
 - Resource planning templates to be further developed and included with milestone prompts to identify the increased workload towards EiS
 - EiS needs to be on the project agenda earlier, ideally reflecting in early GRIP Stage PMP's
 - The project Design Manager needs to be aware of all 'EiS engineering deliverables' so they are readily populated in a specific EiS project folder as they are approved through GRIP Stage 5 and 6
 - Production of an EiS Strategy reflecting stakeholders for each element of the phased programme that do not necessarily have a NR concern, an example of this could be the local highways
 - Seek to have phased hand-over for practicable completion where practicable
 - Appointment of an Engineering Safety Manager
 - Have EiS included early in to the stakeholder agenda's so stakeholders plan and provide the resource necessary for their responsibilities
 - Identify named individuals from the key stakeholders responsible for EiS interface, this should also include the Principal Contractor
 - Ensure EiS robustly shown in Employers programme so all parties are aware of the timescales and critical activities to ensure a smooth EiS

- Plan EIS to occur as defined activity within GRIP Stage 7, after successful conclusion of GRIP Stage 6 Inc. all testing, commissioning, training and certification thus project resources working on just GRIP Stage 7 deliverables
 - Contractor programmes to reflect specific EIS deliverables required e.g. so delivered earlier in proceedings
15. That the Leader of Warwickshire County Council writes to the Secretary of State for Transport highlighting the difficulties the “snap shot” approach currently used by the Data Room can present to franchise bidders and the issues it presented to the current train operator in terms of its preparedness to operate trains to Kenilworth.
 16. That as is current practice, from the early stages of a major transport project local MPs and Councillors be fully briefed by partners on its detail, both in terms of business case and potential challenges.
 17. That in order to reduce disruption to evolving rail projects the Leader of the Council writes to the Secretary of State for Transport asking that consideration be given to the introduction of a period of transition when rail franchises change.

3. Business Rates Retention Reform and A Review of Local Authorities’ Relative Needs & Resources – Responding to the Government’s Consultation

Councillor Peter Butlin summarised key elements of the published report adding that when the Cabinet papers had first been published it had not been possible to supply the Council’s response to the two consultation exercises. These had been circulated subsequently.

Regarding the Fair Funding Review Cabinet was informed of concerns over a proposal to include Public Health in a series of funding streams that would be determined on the basis of a formula. Public Health, he stated is a universal service which should be available to all. In addition, Councillor Butlin informed the meeting that the Council strongly disagreed with the government’s proposals around local authorities’ “relative resource” which factors in how much income an authority generates in council tax. The proposal to include sales, fees and charges (with the exception of parking income) would remove any incentive to actively seek out new generation opportunities.

Concerning business rates reform Councillor Butlin stated that the system being proposed would work by having floating tariffs and top-ups rather than fixed ones as they are currently. Local authorities’ own estimates of income would be used each year to set top-ups and tariffs giving each authority more certainty of funding for the following year.

Cabinet’s attention was drawn to the current split of locally retained income with 20% going to counties and 80% going to district councils. The consultation is considering an option to allow this split to be determined locally.

Councillor Izzi Seccombe emphasised the importance of the report before Cabinet and the proposals being put forward by government. It was noted that the basis for council expenditure is demand-led and that there is a continuing need to be mindful of issues such as rural deprivation which can be overlooked.

In response to a question from Councillor Bill Oler concerning the position of elected members who are both County and District Councillors, David Carter (Joint Managing Director of Resources) informed the meeting that the high level nature of the consultation exercise meant that there was need for anyone to declare an interest at this stage. He did, however, counsel that as the proposals are developed discussions will become more complicated and members will need to be mindful of the question of any conflicting interests. Councillor Butlin added that those who are both county and district/borough members will need to be clear in their mind which body they are representing at any one time.

Councillor Jerry Roodhouse (Leader of the Liberal Democrat Group) welcomed that the response from the County Council was aligned with that of the County Councils Network. He called on discussions on Fair Funding to be transparent as there will almost certainly be some disagreements with district and borough councils over the detail. Concerns were expressed over the proposed timetable as set out in the report. Any proposals being considered should take account of the 2019 spending review.

Councillor Roodhouse requested that copies of the Council's response be sent to local MPs. In response Cabinet was informed that a letter had already been sent to them.

Councillor Richard Chattaway expressed a series of concerns. In the first instance he considered that the timetable as set out in section 1.8 of the report was too tight with little time available between the final decision being made and the implementation of new systems. He added that the district/borough and county split does not consider an underlying problem regarding a general lack of funds for local authorities. Concern was also expressed over the possibility that businesses will face additional costs under any new system and that areas that have made efforts to grow their economies will be penalised through the introduction of an "equalisation fund".

Councillor Keith Kondakor reiterated the need for more funding overall. He suggested that the Fire and Rescue Service should benefit from business rates and that large warehouses should all be fitted with sprinkler systems.

Councillor Dave Parsons advised that it will be important to work closely with businesses on any new proposals. There is a risk that councils will be seen in a negative light if the changes are not managed carefully. In addition, he suggested that a downturn in the economy could see a significant reduction in funds collected via business rates.

Councillor Izzi Seccombe emphasised that the government is not proposing to increase business rates. She noted that sector failure is of concern to government with the challenges facing the motor industry a case in point.

Councillor Pete Gilbert stated that an environment is required whereby businesses are able to pay their rates. He added that presently the business rate formula does not represent the business rate landscape. This he felt should be reviewed by

government. In addition, Councillor Gilbert was concerned that local authorities may not be the best agencies to manage business rates, there being a degree of misunderstanding of businesses amongst them. He supported the view that areas that have worked towards growth should not be penalised and noted that there remains a degree of disparity between areas in terms of the funding provided to them.

Councillor Seccombe noted that a proposal to return responsibility for attendance allowance to local authority control had been firmly resisted by the LGA. In addition, pressure had been applied to government to provide more freedoms from control if local authorities were to take on more responsibility.

In conclusion Councillor Peter Butlin agreed that it is good to be in agreement with the position taken by the County Councils network. He agreed that there should be no increase in the business rate burden and that areas that have encouraged growth should not lose out through any attempt at equalisation. Finally, Councillor Butlin predicted that the timetable for implementation will slip given other matters currently being addressed by government.

Resolved

That Cabinet:

- 1) Notes the proposed principles that should underpin the Council's response to the consultation papers, as outlined in Section 2, and approve their use in drafting the County Council's response to the Government's consultation papers;
- 2) Agrees the County Council's approach on the formal response to the consultation papers attached at **Appendix A** and **Appendix B** of the report, as explained in Section 3.2 of the report;
- 3) Authorises the Assistant Director – Finance & ICT in consultation with the Joint Managing Director (Resources) to make any final amendments needed to the response, in line with agreed principles, before it is submitted to reflect any late information; and
- 4) Authorises the Assistant Director – Finance & ICT in consultation with the Joint Managing Director (Resources) to use a similar approach for any future consultations on the Fair Funding Review and Business Rates Retention reform.

4. School Admissions 2020-21

Councillor Colin Hayfield (Portfolio Holder for Education and Learning) introduced the published report drawing particular attention to Appendix A4 and changes to oversubscription criteria. In future these will be weighted in favour of disadvantaged pupils although in practice the number of pupils affected by this is likely to be small.

Councillor Keith Kondakor emphasised the need to ensure that there are sufficient school places in any one area. This is particularly an issue where major housing

development is being undertaken. In response Councillor Hayfield noted that “place planning” and admissions criteria as separate matters.

Councillor Izzy Seccombe stressed the need for clarity of policy for parents so that they understood the timescales that applied to them and the consequences of not responding ahead of deadlines. The role of all elected members in ensuring that parents receive and understand the information concerning school places was emphasised.

Councillor Bill Oler observed that catchment area designations can often see siblings attending different schools. This can present problems with transport. Cabinet was reminded that academies can set their own criteria regarding catchment. The County Council has no control over this. In addition, parents should understand that if they send a first child to a school out of catchment there is no guarantee that a second child will be successful in obtaining a place in the same school.

Councillor Kam Kaur (Portfolio Holder for Customer and Transformation) explained that the Digital Design Team is developing new systems whereby catchment and transport can be reviewed simultaneously. In addition, efforts are being made to ensure that develop a single system with greater use of digital platforms.

Resolved

- 1) That the 2020 entry Coordinated Schemes are adopted in line with the County Council’s statutory responsibility, as set out in Appendices A1-A4 of the report;
- 2) That the in-year admissions process, for entry during the 2020-21 academic year, are adopted (for all schools where Warwickshire County Council is the admission authority, and other admission authorities agree), as set out in Appendix B of the report; and
- 3) That the published admission numbers are adopted as set out in Appendix C of the report.

5. Commissioning of Discharge to Assess on behalf of South Warwickshire NHS Foundation Trust under a Section 75 Agreement

Councillor Les Caborn (Portfolio Holder for Adult Social Care and Health) explained that the proposal before Cabinet presents a good news story. In response to questions Councillor Caborn explained that the proposal would provide an equality of service across Warwickshire, that patients’ needs can be assessed prior to discharge from hospital (with families being involved in that process as necessary) and that efforts are made to ensure that patients are not discharged from hospital prematurely.

Councillor Izzy Seccombe emphasised the need to ensure that any system works in the interest of patient recovery. An added benefit is that it will serve to free up hospital beds.

Resolved

That Cabinet:

- 1) Authorises the Strategic Director for People to revise the current partnership arrangements between Warwickshire County Council (WCC) and South Warwickshire NHS Foundation Trust (SWFT) and enter into a new agreement under Section 75 of the National Health Service Act 2006 for the provision of Discharge to Assess services (Pathway 2 and 3) on terms and conditions acceptable to the Strategic Director for Resources; and
- 2) Authorises the Strategic Director of People (i) to undertake an appropriate procurement process for the commissioning of the Pathway 2 and Pathway 3 services; and (ii) to award any subsequent contracts on terms and conditions acceptable to the Joint Managing Director for Resources.

6. Any Urgent Items

None

7. Reports Containing Confidential or Exempt Information

Resolved

That members of the public be excluded from the meeting for the items mentioned below on the grounds that their presence would involve the disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

EXEMPT ITEMS FOR DISCUSSION IN PRIVATE (PURPLE PAPERS)

8. Exempt Minutes of the meeting held on 22 January 2019 and Matters Arising

Resolved

The exempt minutes for the meeting held on 22 January 2019 were agreed as an accurate record and signed by the Chair.

9. Extra Care Housing in Warwickshire – Progress Report and Direction of Travel

Councillor Les Caborn explained to Cabinet that the Extra Care Housing initiative had been underway since 2010. Almost 1000 units had been completed and demand for them continues to rise. Councillor Jerry Roodhouse welcomed the report and commended officers for their hard work. He emphasised the need to fully understand the needs of clients to ensure the right provision is being made. In addition, Councillor Roodhouse highlighted the challenges that the 1% rent reduction (para 5.3) might cause. In response to this point Councillor Izzi Seccombe stated that she would be raising this with local MPs. She was also aware that there is an increasing demand for extra care housing amongst those with learning difficulties. One particular issue is with people with disabilities who have relied on

parents who are themselves growing old. It is, Councillor Seccombe stated, important to give these parents peace of mind that their (grown up) children are well looked after.

In response to a question from Councillor Dave Parsons regarding an evolving scheme in Atherstone, Tim Willis (Extra Care Housing Programme Lead) informed the meeting that despite a series of challenges it was hoped that this would be occupied by 2021. Regarding the 1% rent reduction he stated that it was to be hoped that once matters settled down the negative impacts of this would be minimal.

Councillor Bill Olnier stressed the need to ensure that all arms of the council are working together to ensure rapid progress of extra care housing schemes.

Resolved

That Cabinet:

1. Notes and welcomes the progress made to date with regard to the delivery and provision of Extra Care Housing in Warwickshire in line with key strategic objectives.
2. Approves the direction of travel for the Council's Extra Care Housing Programme as set out in this report with regard to the delivery of a range of housing with care services that offer Warwickshire's citizens improved choice, control and independence.

The meeting rose at 15.30

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Chair

Cabinet

7 March 2019

Approval to Submit Funding Bids to the Homes England Housing Infrastructure Fund

Recommendation

That Cabinet approves the submission of the following funding bids to the Homes England Housing Infrastructure Fund (HIF), subject to sign off by the Joint Managing Director for Resources, Joint Managing Director for Communities and the Section 151 Officer:

- 1) A5 Transport Corridor – North Warwickshire.
- 2) Stratford-upon-Avon South Western Relief Road.

1.0 Key Issues

- 1.1 This report seeks approval to submit two funding bids to the Forward Funding Stream of the Homes England HIF on the basis that the County Council takes on no liability for any cost or financial risk associated with either of the schemes.

2.0 Options and Proposal

- 2.1 The Government has made £5.5 billion of capital funding available through the HIF to fund infrastructure which will support housing growth. The fund is split between two streams:
 - a) The Marginal Viability Fund is providing the final or missing piece of infrastructure funding needed to get additional housing sites allocated or existing sites unblocked. Individual bids were capped at £10 million with the bids to be submitted by single or lower tier local authorities. Bids able to demonstrate a transformational delivery of new homes were able to exceed the funding cap.
 - b) The Forward Fund to provide upfront funding for strategic and high impact infrastructure schemes which will unlock new homes and deliver large scale growth. Upper tier local authorities were invited to initially submit expressions of interest to the Forward Funding stream for up to £250 million per project.

The deadline for bids to the Marginal Viability Fund and expressions of interest in Forward Funding was 28th September 2017.

- 2.2 Bids were submitted to the Marginal Viability Fund by Warwickshire's district and borough councils and the following schemes were awarded funding:
- a) Stratford-on-Avon District Council; Long Marston Airfield Garden Village - Phase 1 - £13,438,417
 - b) Warwick District Council; Kenilworth Education and Growth - £9,591,000
- 2.3 The County Council submitted expressions of interest in Forward Funding for the following schemes:
- 1) A5 Transport Corridor – North Warwickshire.
 - 2) South West Rugby Access Package.
 - 3) Stratford-upon-Avon South Western Relief Road (SWRR).
- 2.4 In March 2018 the Ministry of Housing, Communities and Local Government (MHCLG) notified the County Council that the A5 Transport Corridor – North Warwickshire and the Stratford-upon-Avon South Western Relief Road projects had been successful in progressing to the next stage of the competitive HIF Forward Funding process; the co-development stage.
- 2.5 Officers are preparing full business cases for the two schemes with project partners, specialist consultant support and with the input and support of MHCLG and Homes England. Project partners for the A5 scheme are North Warwickshire Borough Council and Highways England, and for the SWRR is Stratford-on-Avon District Council. The deadline for submitting business cases is 22nd March 2019.
- 2.6 The business cases require detailed explanation and analysis of the schemes and their associated impacts. Specific activities include:
- a) Preparing preliminary scheme designs.
 - b) Establishing robust cost estimates.
 - c) Carrying out quantified risk analysis using established methodologies to identify risks and issues and to establish actions which lessen the impact of the risk.
 - d) Conducting options appraisals.
 - e) Calculating the benefit cost ratio, which includes carrying out an economic appraisal and transport modelling.
 - f) Identifying scheme delivery mechanisms including the management and governance processes.
- 2.7 The County Council is providing expertise and leadership to the ongoing work to prepare the two business cases for submission, both of which are being developed on the basis that the Council will not contribute financially to the scheme costs and will not take on the liability for any cost or financial risk such as a shortfall in funding or cost overrun. Further explanation of the two schemes and their associated businesses cases is provided below.

A5 Transport Corridor – North Warwickshire

- 2.8 The A5 Transport Corridor Scheme comprises a series of infrastructure works to be delivered along the A5 corridor which will support and accelerate the

delivery of approximately 3,000 homes in North Warwickshire, as well as supporting sub-regional housing needs in neighbouring authority areas including Tamworth, Coventry and Birmingham. The scheme will also support employment growth including expansion of the nationally significant distribution, logistics and employment centres at Birch Coppice, Horiba-MIRA Enterprise Zone and Magna Park and will ensure the corridor continues to attract economic investment beyond planned growth. The County Council is working closely with Midlands Connect and Highways England to ensure that the scheme aligns with the long term strategic aspirations to upgrade the A5 to Expressway standard.

- 2.9 The scheme will unlock a series of housing developments via the following network improvements:
- 1) Junction improvements at Dordon, Grendon and Atherstone.
 - 2) Upgrading the A5 to dual carriageway between Dordon and Grendon via offline dualling with connection to a new developer led link road between the A5 and B5000.
 - 3) Provision of sustainable transport improvements along the route such as facilities for walking and cycling.
- 2.10 It is expected that the newly constructed section of dual carriageway and junction improvements will be adopted and maintained by Highways England and form part of the A5 Strategic Road Network (SRN). The existing single carriageway section would be de-trunked and adopted by the County Council which would maintain the road for local use with additional provision for walking and cycling. This approach would be consistent with the wider strategic aspirations for the A5 corridor.
- 2.11 If the bid is successful, these works will become a catalyst for a series of wider strategic improvements along the A5 corridor. It is recognised that further works will be required on the A5 to accommodate North Warwickshire Borough Council's full Local Plan aspirations.
- 2.12 The scheme has a cost estimate of approximately £55 million. This was established for the County Council by specialist consultants with expertise in costing major SRN schemes in line with Highways England cost models and includes an allowance for risk and contingency.
- 2.13 It is proposed to bid to the HIF for the full scheme value since no alternative external sources of funding have been identified.
- 2.14 The A5 corridor forms part of the Highways England managed SRN and the scheme will deliver wider strategic objectives for Highways England and the A5 corridor. It is therefore considered that if the HIF submission is successful, Highways England should take on the scheme delivery role including responsibility for construction, project and financial risks. Discussions are currently taking place between senior officials from the Department for Transport, Highways England and Homes England to agree a national

approach to HIF bids that affect the Strategic Road Network, including agreeing appropriate delivery mechanisms for such schemes.

Stratford-upon-Avon South Western Relief Road

- 2.15 The Stratford-upon-Avon South Western Relief Road (SWRR) has been identified as necessary to mitigate the impact of the Long Marston Airfield Garden Village, which once complete will comprise 3,500 homes on a 205 ha brownfield site to the south west of Stratford-upon-Avon. The 3 km road will link the A3400 Shipston Road with the B439 Evesham Road where it will connect with the permitted West of Shottery Relief Road, and in so doing provide a full western relief road which connects at the northern end to the A46 trunk road. The road is necessary to accommodate the additional traffic which will be generated by both the Long Marston Garden Village development and the wider housing and employment growth identified in the Stratford-on-Avon District Core Strategy.
- 2.16 An initial 400 homes have been granted planning approval at Long Marston Garden Village. Traffic modelling has identified that there is sufficient, existing highway capacity for these 400 homes to be built before the need for the SWRR is triggered.
- 2.17 CALA Homes submitted a planning application for the SWRR to Stratford-on-Avon District Council in July 2018 alongside a separate outline planning application for the remaining 3,100 homes allocated to Long Marston Garden Village. Both applications are scheduled to be determined by the end of September 2019. The design of the SWRR submitted within the planning application was prepared by consultants working for CALA Homes.
- 2.18 It is proposed to bid for forward funding for the full scheme cost less a funding contribution by CALA Homes. The scheme estimate is approximately £130 million. This figure is based on a cost estimate prepared by consultants commissioned by the County Council and follows a review of the 166 scheme drawings submitted with the planning application. The estimate includes an allowance for contingency and risk based on a Quantified Risk Register. CALA Homes has made an initial funding commitment to the SWRR of £44 million which leaves a funding gap of £86 million which will need to be met by the HIF since no other external funding sources are available. This figure will change if CALA Homes' adjusts its funding contribution to the SWRR or if the scheme costs are further revised.
- 2.19 It is unlikely that the SWRR and therefore the Long Marston Garden Village 3,100 will proceed without HIF funding for the road since it is doubtful that CALA Homes could fund the full project costs and there is no alternative source of funding currently available. This could prevent Stratford-on-Avon District Council from achieving its housing land supply which in turn could make it harder for the Council as the Planning Authority to reject speculative planning applications for housing development. As part of the business case preparation, alternative 'do-less' options are being assessed to identify whether a lower cost alternative option to the SWRR proposal may be

available. Initial work suggests there is unlikely to be a viable do-less option, primarily due to the highway constraints and limited opportunities to bring forward alternative highway improvements within Stratford-upon-Avon.

- 2.20 It is expected that, should the HIF bid be successful, the County Council will deliver the SWRR, via a S278 Highways Act 1980 agreement or similar contractual arrangement with CALA Homes. Under the agreement CALA Homes would cover the full costs of the scheme less the value of the HIF grant. CALA Homes would also be required to provide a bond which would protect the Council from any situation whereby the developer was unwilling or unable to pay the scheme costs.

3.0 Financial summary and risks

- 3.1 The table below summarises the funding proposals of the two schemes, however it should be noted that these are subject to further work and confirmation as part of the bid preparation.

Scheme	Total cost	WCC funding	Other funding	Proposed HIF bid
A5 Transport Corridor – North Warwickshire	£55 million	£0	£0	£55 million
Stratford-upon-Avon South Western Relief Road	£130 million	£0.	£44 million (CALA Homes)	£86 million

- 3.2 The scale of these infrastructure schemes means that both projects carry significant financial risk with potential issues relating to cost overruns. To reduce the level of risk, the County Council has commissioned third party consultants to carry out robust cost estimates and prepare Quantified Risk Registers using industry standard costing models and processes. The estimates include allowances for contingency and risks. In addition, delivery mechanisms have been identified for both schemes which will remove the financial risk and liability on the County Council. It is proposed that the A5 scheme be delivered by Highways England which would also take on the project risk. It is proposed that the SWRR be delivered by the County Council via a S278 agreement with all costs met by the developer and any grant funding received. The agreement would include an upfront payment of a bond to protect the County Council from any situation whereby the developer was unwilling or unable to pay the scheme costs. The standard bond value for schemes at this stage of development is 150% of the delivery costs.
- 3.3 A further risk surrounds the funding timescales. HIF guidance states that schemes are to be completed and all monies spent by March 2024. This is a challenging, but achievable timescale for schemes of this scale. The A5 scheme is at a relatively early stage of development and focuses on the SRN which carries a higher level of requirements and scrutiny for scheme development and delivery compared to local road network schemes. The SWRR is at a comparatively more advanced stage, however it is a complex scheme with potential for programme delay. Clarity is being sought through the co-development process as to the implications of delay on grant funding,

however it is hoped the Government would take a more realistic view to these timescales.

4.0 Timescales associated with the decision and next steps

- 4.1 The deadline for the submission of bids is 22 March 2019 and officers are working with project partners, Homes England and MHCLG to complete and submit the project business cases.
- 4.2 The funding bids require approval by the County Council's S151 Finance Officer prior to submission.
- 4.3 A decision on the outcome of the bids is expected to be received during the summer 2019.
- 4.4 If funding is secured and all other project conditions can be met a further report will be taken to Cabinet requesting approval to enter into a funding agreement with MHCLG.
- 4.5 In order to comply with the funding conditions, the schemes must be delivered by the end of March 2024.

5.0 Background papers

None

	Name	Contact Information
Report Author	Stephen Rumble	stephenrumble@warwickshire.gov.uk Tel: 01926 412740
Head of Service	Mark Ryder	markryder@warwickshire.gov.uk Tel: 01926 412811
Joint Managing Director	Monica Fogarty	monicafogarty@warwickshire.gov.uk Tel: 01926 412514
Portfolio Holders	Cllr Jeff Clarke Cllr Isobel Seccombe	jeffclarke@warwickshire.gov.uk isobelseccombe@warwickshire.gov.uk

The report was circulated to the following members prior to publication:

Local members:

A5 Transport Corridor – North Warwickshire: Cllr Wright.
Stratford-upon-Avon South Western Relief Road: Cllr Brain, Cllr Fradgley, Cllr Rolfe.
Other members: Cllr Butlin, Cllr Clarke, Cllr Seccombe, Cllr Chattaway,
Cllr Roodhouse, Cllr Shilton, Cllr Phillips and Cllr Chilvers.

Cabinet

7 March 2019

Allocation of 2019/20 Dedicated Schools Grant

Recommendations

Cabinet is recommended to:

- 1) Support the continued allocation of the Schools Block DSG, as outlined in Section 3, in line with the National Funding Formula for Schools.
- 2) Support the continuation of the current Early Years formula of a universal rate of £3.96 per hour and a deprivation rate of £0.53 per hour for eligible children for 2019/20 budget allocations for all early year providers.
- 3) Request that proposals from the Early Years Working Group in relation to the allocation of 2020/21 Early Years DSG are brought forward for consideration as part of the 2020/21 DSG budget setting process.
- 4) Approve the proposed allocation of the High Needs DSG budget for 2019/20, as set out in Section 5 and Appendix A.
- 5) Request that a further report is brought to Cabinet in April 2019 on the pressures on the High Needs DSG budget and the detail of the plans for bringing the budget back into balance.
- 6) Agree the proposals for allocating the Central School Services DSG budget, as set out in Section 6 and Appendix B, for 2019/20 that will go forward for approval by the Schools Forum on 14 March 2019.

1. Purpose of the Report

- 1.1. The Dedicated Schools Grant (DSG) is the ring-fenced grant from Government that provides each local authority with an allocation of funding for schools and services for pupils.
- 1.2. As part of the 2019/20 budget resolution approved at Council on 7 February 2019, Council agreed:
 - The cost of funding schools and relevant pupil-related services should be contained within the level of the DSG so that the Council does not subsidise the DSG from its own resources.

- To continue with the approach adopted last year of moving towards the implementation of the National Funding Formula for schools.
- To implement the proposals arising from the review of non-schools block DSG spend with a view to bringing the DSG back into balance.

1.3. In recognition of the fact that achieving a balanced DSG budget is not possible in the short term. The budget resolution allocated £4.9 million of temporary funding (£3.3 million in 2019/20) to provide capacity to bring the DSG back into balance over three years. Part of this approval was the requirement to bring a report to Cabinet that sets out how the 2019/20 DSG will be used and the proposals for bringing it back into balance. This report meets these requirements.

2. Dedicated Schools Grant

2.1. Whilst the DSG is often referred to as a single grant it is, in fact made up of four blocks with minimal flexibility to move funding between the blocks. Therefore, in considering how the DSG is allocated it is necessary to consider each block separately.

2.2. The provisional 2019/20 DSG allocations of £426.3 million, split across the four blocks is set out in Table 1.

Table 1: 2019/20 DSG Allocations	£m
Schools Block	327.385
Early Years Block	32.167
High Needs Block (<i>Note 1</i>)	62.390
Central Schools Services Block	4.405
Total DSG Allocation 2019/20	426.347

Notes

1. The part of the 2019/20 High Needs Block DSG allocation that comes to the authority is £50.955 million. The Education and Skills Funding Agency (ESFA) top-slices £11.435 million and allocates this directly to non-maintained providers.

2.3. The rest of this section outlines the powers and responsibilities of the Local Authority and Schools Forum in relation to DSG allocations before the rest of this report covers the basis of allocations in each of the blocks separately.

2.4. Schools Block

It is the responsibility of the County Council to propose and decide any changes to the formula which is used to allocate Schools Block DSG to all primary and secondary schools. The Schools Forum is consulted on any proposed changes and informs the governing bodies of all consultations.

2.5. Early Years Block

The local authority must passport a minimum of 95% of funding for the universal 15 hour entitlement for 3 and 4 year olds and the additional 15 hours entitlement for 3 and 4 year old children of eligible working parents directly to settings. This means up to 5% can be retained by the Council to fund Early Years functions delivered by Education Services.

It is the responsibility of the local authority to propose and decide the allocation of Early Years funding. The Schools Forum and all early years providers are consulted annually and given an opportunity to give their view on the local authority proposal.

2.6. High Needs Block

The High Needs Block supports provision for children and young people with special education need and disabilities (SEND). The High Needs Block also provides the resources for place funding; top-up funding for institutions and funding for high need services delivered by the local authority.

It is the responsibility of the local authority to propose and decide the allocation of High Needs Block funding. The Schools Forum is consulted on any proposed changes and informs the governing bodies of all consultations.

2.7. Central School Services Block

The Central School Services Block provides funding for the local authority to carry out central functions on behalf of pupils in both maintained schools and academies. Services are split between on-going and historic responsibilities.

The local authority proposes the spending allocations funded from the Central School Services Block but the final decision is made by the Schools Forum.

3. Schools Block National Funding Formula 2019/20

3.1. The Schools Block DSG allocation for 2019/20 is £327.4 million. This is an increase of £10.9 million (3.46%) from the 2018/19 allocation and is due to two main reasons:

- The total number on roll for 2019/20 has increased by 1,418 pupils (1.92%) above 2018/19 pupil numbers. Table 2 shows the number on roll changes by phase and school type.

	Academy	Maintained	Total
Primary	258	218	476
Secondary	935	-40	895
All-through	47	0	47
Total	1,240	178	1,418

- The minimum pupil funding allocated as part of the DSG for Primary Schools has increased to £3,500 in 2019/20 from £3,330 in 2018/19 and for Secondary Schools has increased to £4,800 from £4,600 over the same period.

3.2. The Schools Block DSG allocation for 2019/20 has meant the authority can continue to apply the 'hard' National Funding Formula (NFF) in 2019/20. This means no changes to the policy and formula agreed last year, namely that Warwickshire Schools are funded based on the Government's methodology in advance of the 'hard' NFF being formally implemented at a national level.

3.3. A breakdown of the movements in the NFF factors between 2018/19 and 2019/20 is shown in Table 3 below.

Factor	2018/19 £m	2019/20 £m	Difference £m	Reason for Change
Age Weighted Pupil Unit (AWPU)	241.1	246.3	+5.2	Pupil led factor
Deprivation	17.7	18.6	+0.9	Pupil led factor
English as an Additional Language	0.8	0.8	0.0	Pupil led factor
Prior Attainment	23.2	24.2	+1.0	Pupil led factor
Lump Sum	25.0	25.2	+0.2	New schools
Split Sites	0.2	0.2	0.0	No change
Rates	3.2	3.4	+0.2	Actual costs of rate bills
Minimum Pupil Funding	1.1	4.2	+3.1	Changes in allocations for 2019/20
Minimum Funding Guarantee	2.9	3.0	+0.1	All schools get +0.5%
Growth Fund	1.3	1.5	+0.2	2018/19 funding was capped as this is the balancing figure
Total	316.5	327.4	+10.9	

3.4. Increases in the minimum per pupil funding and minimum funding guarantee ensures schools will receive increased funding where their number on roll remains the same between 2018/19 and 2019/20. Where a school's number on roll has dropped between the 2018/19 and 2019/20 their budget share may also decrease as well. 93 out of 231 schools have seen a drop in their number on roll between 2018/19 and 2019/20. None of these schools has seen a drop in its budget share greater than the drop in their number on roll.

- 3.5. The Schools Forum strongly supported the policy decision to move to the NFF at the earliest opportunity taken last year and therefore also support the decision to make no changes to the approach for 2019/20.

4. Early Years Block National Funding Formula 2019/20

- 4.1. The Early Years NFF allocates funding to Warwickshire below what is deemed to be the minimum hourly rate. This means, along with many other shire counties, Warwickshire receives ‘top-up’ funding to bring our allocation up to the minimum hourly rate of £4.30 per hour to cover all early years activity. Of this minimum hourly rate at least 95% (£4.09) must go directly to providers either as a universal rate or as the mandatory supplement for deprivation and up to 5% (£0.21) can be retained by the local authority to fund central Early Years functions.
- 4.2. The overall minimum hourly rate of £4.30 is unchanged from 2018/19. Therefore, whilst the authority recognises the desire for Schools Forum to get to a universal rate of at least £4.00 per hour, this would need to be funded from the overall cost envelope of funding it receives for all early years providers i.e. by reducing the funding allocated on the basis of deprivation and/or for central functions.
- 4.3. Moving sufficient money from the deprivation rate would reduce this from 0.53p per hour to approximately 0.36p per hour for eligible children (equivalent to a 32% drop in funding for eligible children). Alternatively, it is estimated the local authority would have to find additional savings of £260,000 on centrally provided services to fund an increase in the universal rate to £4.00 per hour (equivalent to an additional 17% savings target).
- 4.4. Consequently, whilst Warwickshire remains at the floor there is effectively no capacity to make changes to the allocation formula. The breakdown of how the £4.30 is proposed to be allocated is set out in Table 4.

Table 4: Early Years Allocation of Funding per Hour	
Factor	2019/20 Allocation Per Hour £
Universal rate allocated to all providers	3.96
Deprivation Supplement	0.13
Central Provided Services (5%)	0.21
Total for 3 and 4 Year Olds	4.30

Note: The deprivation allocation is only £0.13 of the total allocation as only about one quarter of all children are eligible for entitlement. The supplement remains at £0.53 per hour for eligible children.

- 4.5. The Schools Forum supports the approach of the authority, whilst recognising that the third year of no increase in the overall hourly rate that underpins the Early Years DSG Block is placing significant financial pressure on all settings as costs continue to rise. In acknowledging these concerns the Assistant Director for Education Services has set up a working group with providers to review the allocation of funding for 2020/21.

5. High Needs DSG Budget Allocations 2019/20

- 5.1. The 2019/20 allocation for High Needs DSG is £62.390 million, including the one-off extra grant of £1.197 million announced by the Department for Education in December 2018. This represents a £1.090 million increase on the equivalent allocation for 2018/19.
- 5.2. High Needs Block funding is based on SEND pupil numbers at October 2018 in mainstream; special and resourced provision maintained schools and academies, and SEND pupil numbers at January 2018 in independent provision. The funding is made up as follows:
- Basic entitlement factor funding at £4,000 per pupil, adjusted for area costs.
 - Historic spend factor. This amount is maintained at a cash-flat level and accounts for 87% of the total High Needs allocation.
 - The remaining amount of overall funding is distributed to local authorities using the following proxy indicators:
 - 2-18 year old population
 - deprivation
 - health and disability
 - low attainment
 - The formula then applies the protection of a funding floor to all elements except the basic entitlement factor.
 - Hospital education funding is added.
 - Import/export adjustments are made mid-year to reflect the transfer of pupils with SEND into and out of the County
- 5.3. These elements give an allocation of £61.193 million. The final High Needs allocation is then supplemented by the additional £1.197 million one-off funding announced by the Department for Education in December 2018, to bring the total allocation to £62.390 million.
- 5.4. Of the total allocation of £62.390 million the ESFA will allocate £11.435 million direct to academies for high needs places. The funding available to the local authority to manage is therefore £50.955 million.

- 5.5. The Quarter 3 figures reported to Cabinet in January 2019 showed an overspend of £3.511 million on the High Needs DSG and an approach to making good this deficit by allocating funding from underspends elsewhere in the authority was agreed. However, it is recognised that this position is unsustainable and that the authority will not continually be able to identify funding equivalent to an annual 1.3% increase in the council tax to make good the overall financial position.
- 5.6. In the report on the 2019/20 budget proposals to Cabinet in December 2018, two proposals to begin to tackle this problem were proposed:
- Area Behaviour Partnerships - a saving of £1.008 million. It is currently anticipated that £0.625 million of this can be delivered in 2019/20.
 - SEN Inclusion - a savings target of £1.500 million. It is anticipated that £0.800 million can be delivered in 2019/20.
- 5.7. If these savings are delivered in full this still leaves a further £1 million savings to be identified in other areas of high needs spend, including from out of county placements to bring the budget back into balance. This also assumes that the initiatives developed as part of the demand management review are effective.
- 5.8. The proposed detailed High Needs Block DSG budget for 2019/20 is shown in **Appendix A**. It reflects the 2018/19 forecasts at Quarter 3 plus known changes for next year. It also fully utilises the £3.3 million additional short-term funding allocated by Council in February 2019 to aid the phased delivery of the service changes required.
- 5.9. The Schools Forum when considering the provisional High Needs DSG budget recognised that, given the funding available, the authority would need to take difficult decisions to bring the budget back into balance. But, as individual school leaders as well as Schools Forum representatives, they know that demand pressures have yet to stabilize leaving little room for manoeuvre.
- 5.10. The Schools Forum was keen that the next phase of any work should include a focus on out-of-county placements as these represent almost a quarter of total spending. A direction of travel, to build capacity locally whilst also looking to stem demand at the front end with a graduated approach to meeting demand before the long-term commitment of an out-of-county placement was made, was also supported.
- 5.11. It is recognised that nationally pressures on the school system, and the high needs budget in particular, are continuing to rise. This demand pressure alongside the need to deliver material savings and manage future demand to

bring the budget back into balance means the High Needs DSG remains an area that requires close oversight. It is proposed that a further report is brought to Cabinet in April 2019 that outlines the pressures on the DSG budget and details the plans for both the delivery of savings and to bring the budget back into balance.

6. Central School Services DSG 2019/20

- 6.1. The allocation to the Central School Services Block (CSSB) is £4.405 million in 2019/20. This represents a £0.019 million reduction on the 2018/19 figure. CSSB funding is allocated partly to historic commitments and partly for ongoing functions relating to both maintained schools and academies.
- 6.2. Warwickshire's historic commitments allocation remains unchanged from 2018/19 at £1.598 million. Funding for ongoing functions is allocated using a pupil-led formula, based on 2018/19 pupil numbers, and comprises a basic per-pupil factor, through which authorities receive the majority of funding, and a deprivation factor.
- 6.3. The decision on the use of the CSSB is one for the Schools Forum based on proposals from the authority.
- 6.4. At their meeting in January the Schools Forum approved the following adjustments to the budget for 2019/20:
 - Cessation of a contribution of £0.019 million to the Warwickshire Safeguarding Children Board. This will in future be wholly funded by the authority.
 - Additional funding of £0.330 million for Admissions to implement equitable funding arrangements for maintained schools and academies to ensure we comply with DSG guidance.
 - The removal of £0.197 million funding for maintained schools' DBS checks, which will now be funded from top-slicing allocations to maintained schools for this amount. Again this is to meet the requirement for equitable arrangements given that academies already fund their own DBS checks.
 - A £0.059 million reduction in funding for copyright licences based on the latest ESFA notification.
 - Removal of the £0.032 million budget for abortive capital costs which has been unspent in recent years.

6.5. The detail of the proposed CSSB allocations for 2019/20 is shown in **Appendix B**. These will be confirmed by the Schools Forum at their meeting on 14 March 2019.

7. Background Documents

7.1. None

	Name	Contact Information
Report Author	Virginia Rennie	vrennie@warwickshire.gov.uk
Assistant Directors	Lisa Kitto Paul Senior	lisakitto@warwickshire.gov.uk paulsenior@warwickshire.gov.uk
Joint Managing Director	David Carter	davidcarter@warwickshire.gov.uk
Portfolio Holder	Peter Butlin	peterbutlin@warwickshire.gov.uk

Elected Members have not been consulted in the preparation of this report.

Allocation of 2019/20 High Needs Block Funding

The provisional budgets for 2019/20 below reflect 2018/19 forecasts at Quarter 3 plus known changes for next year. There are no unallocated resources to fund further additional growth in 2019/20.

	2018/19 Budget £m	Adjustment £m	2019/20 Budget £m
High Needs Recoupment	10.978	0.457	11.435
SEN – Place funding	4.397	0.234	4.631
Gap funding for post-16 provision	0.104	-0.104	-
SEN Top up - mainstream schools and academies	6.117	0.100	6.217
SEN Top up - WCC special schools and academies	13.319	0.571	13.890
SEN Top up - independent and out-of-county special schools	13.722	0.360	14.082
Tier 4 Hospital Education	0.180	-	0.180
Resourced provision - SEN support	1.685	0.016	1.701
SEND speech and language	0.191	-	0.191
Post 16 funding	3.871	0.855	4.726
SEND commissions	0.207	-0.140	0.067
Integrated Disability Service (teaching and learning)	1.589	-0.173	1.416
Warwickshire Flexible Learning Team	0.520	-0.063	0.457
Area Behaviour Partnerships	2.657	-0.525	2.132
Contribution to Early Intervention Behaviour Panels	0.063	0.001	0.064
STS Links & Exclusions	1.895	-0.524	1.371
SEN Inclusion grant payments	-	0.277	0.277
Special school enhanced rates for early years	-	0.228	0.228
High Needs (deficit)	-1.652	1.652	-
Contribution to the cost of support services	1.457	-0.029	1.428
High Needs Allocations	61.300	4.390	64.493
High Needs Block Funding			61.193
Forecast High Needs Block Funding Shortfall			-3.300
Additional DfE one-off funding			1.197
Provision in reserves to fund DSG deficit			2.103
Balance after temporary funding			0

Allocation of the 2019/20 Central Schools Services Block DSG

The table below shows the provisional 2019/20 CSSB allocations that will be presented to the Schools Forum at their meeting on 14 March 2019 for approval.

	Historic or Ongoing	2018/19 Approved Budget £m	Adjustment £m	2019/20 Provisional Budget £m
Taking Care	Historic	0.052	-	0.052
Child Protection	Historic	0.123	-	0.123
Warwickshire Safeguarding Children's Board	Historic	0.019	-0.019	-
Children's Mental health	Historic	0.150	-	0.150
Admissions	Ongoing	0.651	0.154	0.805
DBS Checks	Historic	0.197	-0.197	-
Heads Termly / SACRE	Ongoing	0.018	-	0.018
Historic Pension Contribution	Historic	0.737	-	0.737
North Leamington School Prudential Borrowing	Historic	0.266	-	0.266
Copyright Licences	Ongoing	0.481	-0.059	0.422
Employers Liability Insurance	Ongoing	0.051	-	0.051
Abortive Capital Costs	Ongoing	0.032	-0.032	-
Contribution to the cost of support services #	Ongoing	0.121	0.606	0.727
Planning for the education service	Ongoing	0.378	-	0.378
Formulation and review of local authority schools funding formula	Ongoing	0.047	-	0.047
School attendance	Ongoing	0.377	-	0.377
Responsibilities regarding the employment of children	Ongoing	0.069	-	0.069
Contribution to services funded corporately by WCC	Ongoing	0.183	-	0.183
Unallocated Funding	Ongoing	0.472	-0.472	-
Central Schools Services Allocations		4.424	-0.019	4.405

Note

- # The increase in the contribution to the cost of support services is as a result of a review of how this cost is allocated across the DSG blocks. There is no overall increase in the cost of support services funded from the DSG.

Cabinet

7 March 2019

Capital Investment Fund 2018/19 Quarter 4 Report

Recommendations

Cabinet is recommended to

- 1) Approve the allocation of £0.280m from the Capital Investment Fund to fund the adaptation of ten existing Children's Centres to Children and Family Centres and addition of the scheme to the Capital Programme at this value.
- 2) Approve the conditional allocation of £1.601m from the Capital Investment Fund to fund the current design of the Temple Hill/Lutterworth Road, Wolvey Casualty Reduction Scheme development and addition of the scheme to the capital programme at a total cost of £1.635m, with the remaining funding coming from Cllr Warwick's 2019/20 delegated budget. The allocation is conditional upon the outcomes of the consultation process and if this leads to cost increase or significant redesign a new Capital Investment Fund bid must be submitted and approved at the earliest opportunity, with the scheme halted until this is complete.
- 3) Approve the allocation of £0.526m from the Capital Investment Fund to fund the purchase of replacement waste handling and compaction equipment at Household Waste and Recycling Centres (HWRCs) and addition of the scheme to the capital programme at a total cost of £0.726m, with remaining funding to come from the 2018/19 and 2019/20 HWRC maintenance programmes (£0.160m) and capital receipts from selling the equipment being replaced (£0.040m). The allocation is conditional on the outcome of a full leasing appraisal when costs are known with certainty to identify the approach offering the best value for money for the Council.

1. Purpose of this report and context

- 1.1. As part of the 2017/18 budget, Council approved the creation of the Capital Investment Fund (CIF) to provide an approach to funding capital schemes in support of the delivery of OOP 2020. Members approved a four stage approval process for projects seeking funding from the CIF that would be run on a quarterly basis:

- Stage 1: A service specific internal approval process, the conclusion of which is a bid to an Evaluation Panel submitted by the relevant Head of Service.
- Stage 2: The CIF Evaluation Panel provides a technical evaluation and commentary on the proposal that results in a recommendation to Corporate Board.
- Stage 3: Corporate Board review the evaluation and support/reject the proposal going forward to Members.
- Stage 4: For those schemes Corporate Board support, Cabinet/Council approve/reject the allocation. If approved the scheme is added to the authority's capital programme.

- 1.2. Following the additional resources allocated to the CIF in the budgets on February 6th 2018 and February 7th 2019, and approvals through the 2017/28 and 2018/19 financial years, the CIF now has £60.652 million to be allocated in 2019/20; this figure will be reduced to £57.415 million if Council approve the allocation to purchase Land at Crick Lane, Rugby, later this month.
- 1.3. A number of schemes have been identified as “priority” schemes with notional CIF allocations, subject to approval by Cabinet and/or Council as they formally bid into the fund. The schemes considered in this report include one of those priority schemes, the Casualty Reduction scheme. Approximately £39.000 million of the remaining CIF balance is expected to be allocated to these “priority” schemes as and when their business cases are completed and assessed.
- 1.4. Agreeing to the recommendations of this report would reduce the remaining available CIF funding to £55.008m.

2. Description of the Schemes

Adaptations to Children's Centres

- 2.1. The CIF Panel has considered a bid to convert ten existing Children's Centres into Children and Family Centres as agreed by Cabinet and Council in November 2017: Atherstone, Boughton Leigh, Camp Hill, Kingsway, Lighthorne Heath, Lillington, Long Lawford, Stratford, St Michael's, and Stockingford. The works are needed to cater for the expanded age range of the centres, enable greater flexibility for WCC and partner agency staff, and provide better IT services. The bid anticipates completing these works in time for the agreed new strategy's deadline of October 2019 and the total cost of the works across all the sites is estimated to be £0.280m.

Temple Hill/Lutterworth Road, Wolvey – Casualty Reduction Scheme

- 2.2. The Panel has also considered a bid to in relation to a Casualty Reduction scheme at Temple Hill/Lutterworth Road, Wolvey. This is the fourth most problematic junction in Warwickshire as measured in Personal Injury Collisions over the last five years. The scheme involves replacing an existing crossroads with a roundabout. The bid is for £1.601m CIF funding together with £0.034m from Cllr Warwick’s 2019/20 delegated budget.

Scheme drawings can be found in **Appendix A**.

Replacement Equipment at Household Waste Recycling Centres

- 2.3. The Panel has also considered a bid for £0.526m in relation to the purchase of replacement waste handling and compaction equipment at four Household Waste Recycling Centres (HWRCs). This would replace existing equipment which is seven years old. The total cost of the scheme is estimated at £0.726m, with £0.160m transferring from the 2018/19 and 2019/20 HWRC maintenance allocations and capital receipts of £0.040m from selling the old equipment making up the full funding package.

3. Evaluation by the Panel

Adaptations to Children’s Centres Scheme

- 3.1. The Panel scored the scheme at 63.9/100. The scores awarded in each section were:

- Fit to the organisation’s strategic objectives: 13.2/15
- Financial viability: 12.6/30
- Asset enhancement (Service Delivery Need): 29.7/45
- Political, social and environmental impact: 8.4/10

- 3.2. The Panel’s full comments are summarised in **Appendix B**. Despite a concern about the deliverability of the scheme in the time and cost envelope proposed, the Panel recognises that the scheme delivers vital elements of the Council’s Strategy to reshape its services for Children and Families and so recommends that Cabinet approves the allocation of £0.280m CIF funding to the scheme. To mitigate the financial risk, Corporate Board have identified a small contingency within the unallocated CIF which will not be available to other bids until this scheme is completed, though the Service will have to

submit a further CIF bid and return to Members for approval in order to access the extra funding.

Temple Hill/Lutterworth Road, Wolvey – Casualty Reduction Scheme

3.3. The Panel scored the scheme at 71.8/100. The scores awarded in each section were:

- Fit to the organisation’s strategic objectives: 12.0/15
- Financial viability: 21.6/30
- Asset enhancement (Community Wellbeing and Capacity): 30.6/45
- Political, social and environmental impact: 7.6/10

3.4. The Panel’s full comments are summarised in **Appendix C**. The Panel noted that this is a relatively expensive scheme of this nature (as a result of the configuration of utilities at the site) and that it therefore takes up 38% of the remaining notional allocation within the CIF for Casualty Reduction schemes. However, estimates of the potential benefit:cost ratios that could be delivered at the three sites with more Personal Injury Collisions indicate that the scheme in Wolvey provides the best return on investment of all four sites. The Panel therefore recommends that Cabinet approve the allocation, on the condition that the consultation process does not lead to significant change in the scheme design or increased cost.

Replacement Equipment at Household Waste Recycling Centres

3.5. The Panel scored the scheme at 69.4/100. The scores awarded in each section were:

- Fit to the organisation’s strategic objectives: 12.0/15
- Financial viability: 24.0/30
- Asset enhancement (Economic Growth): 24.8/45
- Political, social and environmental impact: 8.6/10

3.6. The Panel’s full comments are summarised in **Appendix D**. The Panel recognised that whilst more evidence could have been supplied to support the bid, the low complexity of the scheme reduces the overall risk. The funding from the capital receipt is not secure but is lower than the contingency in the cost figure; should any funding gap emerge this should be met from either the remainder of the HWRC maintenance allocation or the Environment Services’ revenue budget. The Panel recommends that Cabinet approve the funding of the scheme, on the condition that a full leasing appraisal is carried out when

there is sufficient cost certainty to determine how to achieve the best value for money.

4. Background Papers

None

Appendices

Appendix A – Temple Hill/Lutterworth Road, Wolvey Casualty Reduction Scheme Layout

Appendix B - CIF Panel comments: Adaptations to Children’s Centres

Appendix C - CIF Panel comments: Temple Hill/Lutterworth Road, Wolvey Casualty Reduction Scheme

Appendix D - CIF Panel comments: Replacement Equipment at Household Waste Recycling Centres

	Name	Contact Information
Report Author	Vicki Barnard	vickibarnard@warwickshire.gov.uk
Assistant Director	Lisa Kitto	lisakitto@warwickshire.gov.uk
Joint Managing Director	David Carter	davidcarter@warwickshire.gov.uk
Portfolio Holder	Councillor Peter Butlin	peterbutlin@warwickshire.gov.uk

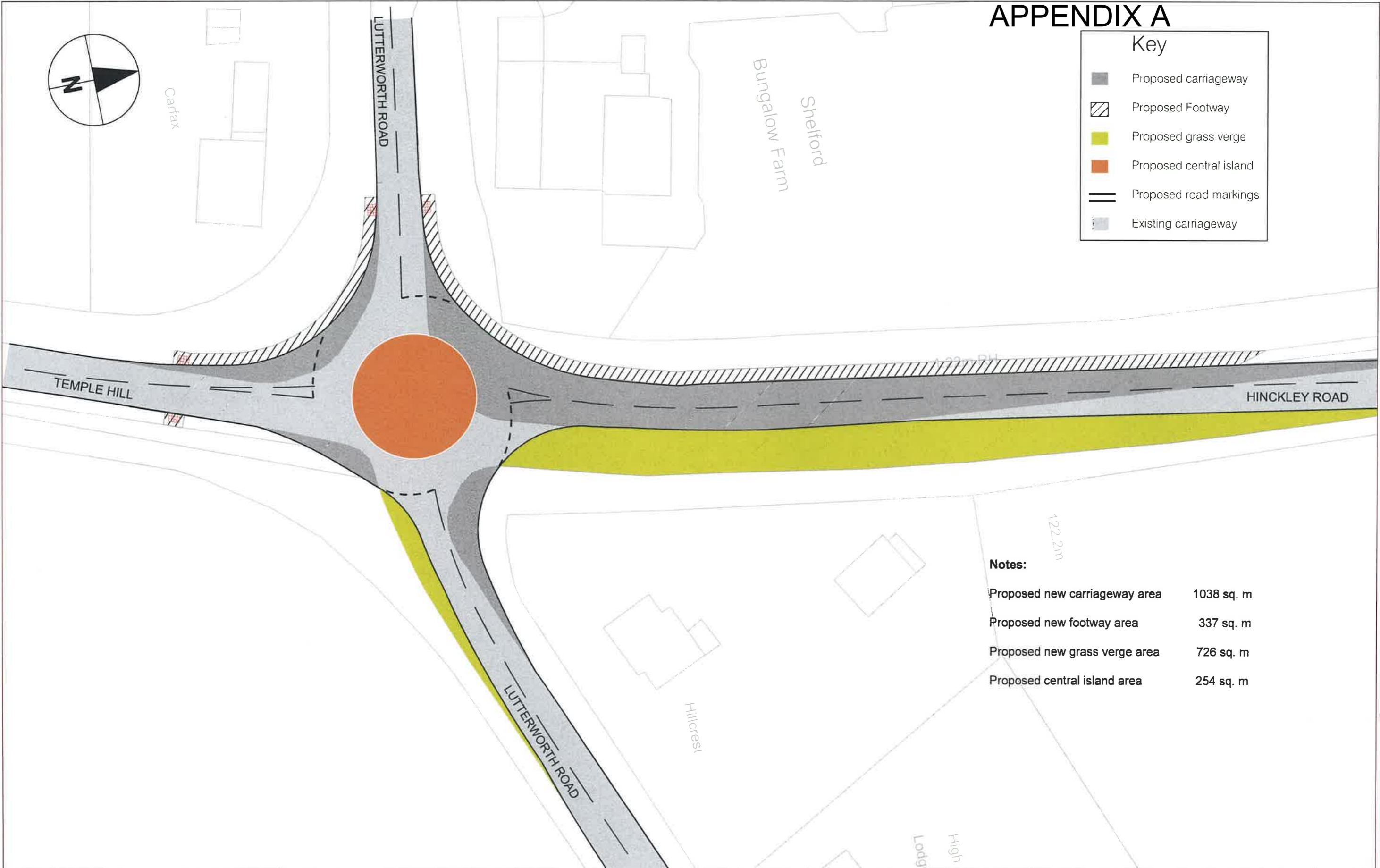
This report was circulated to the following elected members prior to publication

Councillors O’Rourke, Butlin, Boad, Timms, Roodhouse, Chilvers, Chattaway and Singh Birdi

APPENDIX A

Key

- Proposed carriageway
- Proposed Footway
- Proposed grass verge
- Proposed central island
- Proposed road markings
- Existing carriageway



Notes:

Proposed new carriageway area	1038 sq. m
Proposed new footway area	337 sq. m
Proposed new grass verge area	726 sq. m
Proposed central island area	254 sq. m



Warwickshire County Council
TRANSPORT AND ECONOMY

www.warwickshire.gov.uk
 mailto:communities@warwickshire.gov.uk

Traffic & Road Safety
 Communities,
 Shire Hall Post Room
 Warwick, CV34 4SP
 Tel : 01926 410410

NOTES

H:\RSEngineering\Haresh Kumar\Temple Hill Roundabout\Temple Hill Proposed1.dwg
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 Warwickshire County Council.

REV	DATE	BY	CHK	AMENDMENT
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Drawing title
**B4109 - Temple Hill/
 Lutterworth Road
 Feasibility Study
 Roundabout Option**

Project title
Temple Hill/Lutterworth Rd Jn

Drawn by HK	Checked by <i>AS</i>
Date	
Scale 1:500 @ A3_L	
Drawing number TP/10709	

CIF Panel Comments

Children's Centre Adaptation Works

In considering the CIF bid, the panel made the following comments:

- The Panel recognised that the works proposed in the bid were directly required to deliver the Council's 2017 decisions about the new Children and Families strategy; hence the bid scored well in the assessment framework sections which relate to the strategic fit and political impact of the scheme.
- However the Panel was less satisfied with the detail provided about the works themselves and so scored the bid relatively poorly in the other two sections. In particular, the Panel had concerns about the deliverability of the schemes within the cost and time envelopes proposed. The bid costs include a total of 13% cost contingency, but given that the schemes are individually at early design stage, a total figure of 40% (based on advice from a Council property advisor) may be more appropriate. To mitigate this risk, Corporate Board has decided to identify an amount, equal to the missing 27% contingency, within the unallocated CIF that will be held for this scheme until its completion. These funds may only be accessed by the Service after assessment of a future CIF bid and approval by Members; any costs above the total of the allocation requested in this paper plus the additional contingency would fall to the Children and Families Service's revenue budget.
- The score was also lower than it could have been because there was no option appraisal or usage forecasts presented for the works proposed that showed that the specific works were the right option for the Council to take.
- The Panel also felt that the risk log provided was insufficiently detailed for a programme of fragmented works across multiple sites and would need substantial further development as the delivery of the schemes progressed.
- The Panel noted that the only revenue costs described as a result of the works relate to ICT provision; the Panel assumes therefore that the property costs are covered off in the financial arrangements approved in the 2017 Cabinet paper. If this is incorrect then the lack of information provided suggests any increased revenue costs would fall to the Children and Families Service.

CIF Panel Comments

Temple Hill/ Lutterworth Road, Wolvey Casualty Reduction Scheme development

In considering the CIF bid, the panel made the following comments:

- At a £1.601m call on the CIF, this is a relatively expensive Casualty Reduction Scheme. The high costs result from the configuration of utilities at the site and the Panel accepted the cost estimate (which includes uplifted contingency amounts for the utilities in light of the specific complexity) was realistic. Upon request, the bidders produced benefit: cost ratios for this scheme and those planned at the three sites with more Personal Injury Collisions, which indicates that this scheme presents the highest potential return on investment.
- The Panel also noted that the scheme has not yet been to consultation; while this is programmed in for the April 2019, the Panel felt there was a risk of cost inflation as a result, and so recommend that Cabinet approve the scheme on the condition that significant redesign or increased costs do not come about as a result of the consultation.
- Much of the evidence provided within the bid related to journey times and speeds. Whilst the Panel recognised that this analysis was necessary to check that the proposed redesign of the junction would not have negative unforeseen consequences and to explain the option appraisal that had been undertaken, it was felt that the case for the specific design producing much lower rates of collisions was understated. Furthermore some of the stated expectations of improvements for the wider community were not evidenced.
- The bid suggests that the collision rate at the junction will be monitored after the proposed works are completed to check whether the target reduction is achieved. The Panel recognised the difficulties in separating the impact of this specific action from other contributing factors, but nonetheless welcomed the commitment to assessing the success of the project and learning from it after its completion.

CIF Panel Comments

Replacement equipment at four Household Waste Recycling Centres

In considering the CIF bid, the panel made the following comments:

- The scheme is relatively simple, purchasing four excavators for the largest HWRC sites.
- As such, the only substantial risk is in the cost of procuring the plant; the scheme includes a 10% contingency which the Panel felt was appropriate for the nature of the scheme.
- There was little evidence in the bid of genuine option appraisal, particularly when considering alternative service provision or service transformation within a Service which at an overall level has severe funding pressures. There was also only anecdotal evidence of breakdown levels and service impacts from the existing equipment. The Panel would have scored more highly, especially in the Asset Enhancement sections, had more evidence been provided to support the bid's claims.
- An option for leasing was mentioned in the bid, but it was stated that this had been estimated to be more expensive. However the Panel would expect to see further consideration of a leasing option as the procurement process concludes and recommends that Cabinet's approval of the allocation of CIF funding is conditional upon this process taking place and concluding that purchasing the assets offers the best value for money to the Council.
- £0.040m of the funding is expected to be provided by selling the existing equipment after it is replaced, under the Council's existing policy for equipment replacement. The Panel recognises that there is a risk in assuming this income will be achieved; however it is a small portion of the overall funding and less than the contingency figure on the costs. Should any funding gap emerge the Panel suggests that this should be met in the first place from the remainder of the HWRC maintenance allocation or from the Environment Services' revenue budget.

Cabinet

7 March 2019

Treasury Management Strategy

Recommendations

That:

- 1) Cabinet recommends to the County Council that the Treasury Management Strategy and Investment Strategy for 2019/20 (Appendix A-I) be approved and their provisions have effect from 1st April 2019.
- 2) Cabinet recommends that the County Council requires the Strategic Director of Resources to ensure that gross borrowing does not exceed the prudential level as specified in Appendix B, taking into account current commitments, existing plans, and the proposals in the budget report.
- 3) Cabinet recommends that the County Council delegate authority to the Strategic Director of Resources to undertake all the activities listed in Appendix H of this report.
- 4) Cabinet recommends that the County Council requires the Strategic Director of Resources to implement the Minimum Revenue Provision Policy as specified in Appendix I.

1.0 Key Issues

- 1.1 The Council is required to set a Treasury Management Strategy each year and this report sets out the proposed strategy for 2019/20 at Appendix A-I.
- 1.2 The strategy is guided by the need to maintain security, liquidity, and yield, in that order of priority.
- 1.3 In response to updated government guidance the strategy has regard to the expectation that local authorities should not expose public funds to unnecessary or unquantified risk, and that local authorities must not borrow in advance of need or purely to profit from the investment of the extra sums borrowed. Council's may however make investments for commercial or service reasons and investments of this nature have been entitled "Non Treasury Management".

2.0 Strategy

- 2.1 The strategy is updated for current forecast conditions which include a slow increase in the bank rate and borrowing rates.
- 2.2 The strategy includes a £60m limit for investments over 365 days. This assists in facilitating options to consider longer dated investments.
- 2.3 The strategy also considers a new requirement to report on non-Treasury Management investments. This is driven by the Government observing an increasing number of local authorities taking on increasing levels of risk in search of financial returns to support the financial position of the authority or in search of new ways to meet the service objectives of the authority. The purpose of the new requirements is to ensure that local authorities do not take excessive risks and do manage and report risks appropriately. Section 3 sets out more details about this requirement.

3.0 Non Treasury Management Investments

- 3.1 Non treasury management investments may take a number of forms:
 - Holding shares in companies, for example companies that promote organisational objectives such as protecting the environment.
 - Issuing loans to companies, for example promoting economic development.
 - Holding non-financial assets (e.g. property) for the sole or primary purpose of making a financial return.
- 3.2 The County Council does not at present rely on significant income streams from commercial or service investment activities, however this may change over time.

Companies – Service Investments

- 3.3 The Council holds shares and debt with some companies for the purposes of promoting the achievement of organisational objectives. These companies may provide a return on investment but that is not the primary reason for their existence. At the time of writing this report such investments included:
 - University of Warwick Science Park Innovation Centre Ltd
 - Warwick Technology Park Management Company Ltd
 - Warwick Technology Park Management Company (No2) Ltd
 - Eastern Shires Purchasing Organisation (ESPO)
 - SCAPE Group Ltd
 - Coventry and Warwickshire Local Enterprise Partnership
 - Coventry and Warwickshire Waste Disposal Company
 - UK Municipal Bond Agency PLC
 - Border to Coast Pension Partnership Ltd

- 3.4 The share value relating to the above companies recorded in the 2017/18 accounts was £2m, with dividend income of £1m.
- 3.5 In addition to the above the Council currently operates two wholly owned Local Authority Trading Companies:
- Warwickshire Legal Services Trading Ltd
 - Educaterers Ltd
- 3.6 The total shareholder value of these companies in their most recent accounts is £147k and there is a £1.5m loan facility in place with Educaterers until August 2020 to provide support to cash flow.

Loans to Local Businesses

- 3.7 The capital programme includes allocations available for the purposes of making grants or loans to local businesses who cannot raise funds through other means such as banks.
- 3.8 The maximum exposure to loans in 2019/20 of £892k, which makes up 0.4% of the 2019/20 capital budget which is £230.6m. Interest is charged at the Bank of England base rate (currently 0.75%) so the maximum interest income and therefore exposure to income loss is approximately £7k in 2019/20. Loans are made through the Coventry and Warwickshire Reinvestment Trust.

Property Investments

- 3.9 The Council does not currently invest in property for the purposes of generating commercial income, however the Council does currently hold some assets for the purpose of generating future capital receipts. The value of these assets can change and these assets generate a small amount of incidental income. The properties classified as investment property in 2017/18 had an asset value of £58.9m as at March 2018, out of a full asset value in the balance sheet of £1.192bn.

4.0 Measures

- 4.1 To support risk management in the development of future potential investments, measures will be developed to monitor the Council's position and some measures may be used to set controls and limits in alignment with the Council's risk appetite. Examples of key measures may include:
- Total Investment Related Commercial Income. This would provide an indication of the financial value of commercial income upon which the Council revenue budget is reliant.
 - Ratio of Investment Related Commercial Income to Net Service Expenditure. This would provide an indication of the proportionality of reliance on commercial income.

- Total Assets At Risk – This would provide a measure of the total assets owned for commercial or service purposes which are at risk of loss in value.

5.0 Strategy Statement Requirements

5.1 Although the Council does not currently have a policy of investing in non-treasury management assets for the purpose of generating a financial return the Treasury Management Strategy is required to have regard to service and commercial investments and set out the Council’s approach to managing them. The Strategy therefore includes new commentary in respect of non-Treasury Management activities (Appendix A, Section 8) and this will be reviewed over time.

Background papers

None

	Name	Contact Information
Report Author	Chris Norton	chrisonorton@warwickshire.gov.uk
Interim Assistant Director – Finance and ICT	Lisa Kitto	lisaKITTO@warwickshire.gov.uk
Joint Managing Director (Resources)	David Carter	davidcarter@warwickshire.gov.uk
Portfolio Holder	Peter Butlin	cllrbutlin@warwickshire.gov.uk

The report was circulated to the following members prior to publication:

Local Member(s): N/A

Other members: O’Rourke, Butlin, Boad, Timms, Roodhouse, Chilvers, Chattaway and Singh Birdi

**Warwickshire County Council
Treasury Management Strategy Statement
2019/20**

1 Introduction

Background

1.1 Treasury management is defined as:

“The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

1.2 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council’s low risk appetite, providing security of capital and sufficient liquidity initially before considering investment return.

1.3 The second main function of the treasury management service is the funding of the Council’s capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasions, debt previously drawn may be restructured to meet Council risk or cost objectives.

Statutory Requirements

1.4 The Local Government Act 2003 (the Act) and supporting regulations require the Council to ‘have regard to’ the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the Council’s capital investment plans are affordable, prudent and sustainable.

1.5 The Act therefore requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance subsequent to the Act and included in section 7 of this report). This sets

out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

CIPFA Requirements

1.6 The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
3. Receipt by the full Council of an annual Treasury Management Strategy Statement, to include the Annual Investment Strategy and Minimum Revenue Provision Policy for the year ahead, a Mid-year Review Report and an Annual (stewardship) Report covering activities during the previous year.
4. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
5. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is Resources and Fire & Rescue Overview and Scrutiny Committee.

Treasury Management Strategy for 2019/20

1.8 The proposed strategy for 2019/20 is based upon the treasury officers' views on interest rates, supplemented with leading market forecasts provided by the Council's treasury adviser, Link Asset Services.

1.9 The strategy covers:

- Treasury limits for 2019/20 to 2021/22
- Prudential Indicators
- Prospects for Interest Rates
- Borrowing Strategy
- Debt Rescheduling
- Annual Investment Strategy
- Minimum Revenue Provision Strategy

Balanced Budget Requirement

1.10 Under Section 42B of the Local Government Finance Act 1992, it is a statutory requirement for the Council to produce a balanced budget. In particular, Section 42A states a local authority must include the revenue costs that flow from capital financing decisions in its budget requirement for each financial year. Therefore increases in capital expenditure must be limited to a level whereby charges to revenue derived from increases in interest charges (caused by increased

borrowing to finance additional capital expenditure and any increases in running costs from new capital projects) are limited.

MiFID II

1.11 The Markets in Financial Instruments Directive ('MiFID') was introduced due to increasing complexity of financial products and issues related to the 2008 financial crisis. Part two of the directive came into effect in January 2018 and re-classified investors into 'professional' or 'retail' clients. Officers have met the conditions to fulfil the role of professional client and this has enabled the treasury asset allocation to continue without disruption.

2 Treasury Limits for 2019/20 to 2021/22

2.1 It is a statutory duty under Section 3 of the Act and supporting regulations for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the "Affordable Borrowing Limit". In England and Wales, the Authorised Limit represents the legislative limit specified in the Act.

2.2 The Council must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and the impact upon its future council tax is 'acceptable'.

2.3 Whilst termed an "Affordable Borrowing Limit", the capital to be considered for inclusion in corporate financing is both external borrowing and other forms of liability, such as credit arrangements. The Authorised Limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years. Details of the Authorised Limit can be found in Appendix B of this report. Explanations of the terminology employed in the Appendix can be found in Appendix C.

3 Prudential Indicators for 2019/20 to 2021/22

3.1 The Prudential and Treasury Indicators relevant to the setting of an integrated Treasury Management Strategy are set out at Appendix B to this report.

3.2 Council will approve the Prudential Indicators as part of the budget resolution in February 2019. These indicators will be revised, if necessary, for the Council approved capital programme.

3.3 The Prudential Indicators are relevant for the purposes of setting an integrated Treasury Management Strategy. The indicators are provisional and based on the current agreed capital programme.

4 Prospects for Interest Rates

4.1 The Council has appointed Capita as treasury advisor to the Council and part of their service is to assist the Council to formulate a view on interest rates. The table below sets out Capita's view on the future Bank Rate.

Capita Bank Rate Forecast

	Bank Rate %
Jan 2018 to Aug 2019	0.75
Sep 2019 to May 2020	1.00
Jun 2020 to Feb 2021	1.25
Mar 2021 to Aug 2021	1.50
Sep 2021 to Feb 2022	1.75
Mar 2022 -	2.00

4.2 A detailed view of the current economic background is contained within Appendix D to this report.

5 Borrowing Strategy

5.1 The Council is currently maintaining an over borrowed position. This means there is no current need for further capital borrowing in order to meet the Capital Financing Requirement. Based on the estimates of medium term capital expenditure, the Council's gross borrowing covers the Capital Financing Requirement until 2021/22.

5.2 The Treasury Team will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances. Any borrowing decisions will be reported to the Resources and Fire & Rescue Overview and Scrutiny Committee at the next opportunity.

5.3 The Link forecasts for the Public Works Loan Board (PWLB) new borrowing rates are as follows:

Annual Average %	PWLB Borrowing Rates % (including *certainty rate adjustment)		
	5 year	25 year	50 year
Mar 2019	1.80	2.70	2.50
Jun 2019	1.90	2.80	2.60
Sep 2019	2.00	2.90	2.70
Dec 2019	2.10	3.00	2.80
Mar 2020	2.20	3.10	2.90
Jun 2020	2.30	3.20	3.00
Sep 2020	2.30	3.20	3.00
Dec 2020	2.40	3.30	3.10
Mar 2021	2.50	3.40	3.20
Jun 2021	2.50	3.40	3.20
Sep 2021	2.60	3.50	3.30
Dec 2021	2.60	3.50	3.30
Mar 2022	2.70	3.60	3.40

* The Government has reduced by 20 basis points (0.20%) the interest rates on loans to principal local authorities who provide information as required on their plans for long-term borrowing and associated capital spending (the Certainty Rate).

5.4 In view of the above forecast, the Council's borrowing strategy will be based upon the following:

- The cheapest borrowing will be internal borrowing by running down cash balances and foregoing interest earned at historically low rates.
- Internal borrowing will be weighed against potential long term costs that will be incurred if market loans at long term rates are higher in future years.
- Long term fixed rate market loans at rates significantly below PWLB rates for the equivalent maturity period will be considered where available, to ensure the best rates and to maintaining an appropriate balance between PWLB and market debt in the debt portfolio.

- PWLB borrowing for periods under ten years will be considered where rates are expected to be significantly lower than rates for longer periods. This offers a range of options for new borrowing which will spread debt maturities away from a current concentration in longer dated debt.

5.5 Against this background and the risks within the economic forecast, caution will be adopted with treasury operations. The Assistant Director of Finance and ICT Strategy will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances, for example:

- if it was felt that there was a significant risk of a sharp fall in long and short term rates then long term borrowings may be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered
- if it was felt that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast, a likely action will be that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years

Policy on borrowing in advance of need

5.8 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be considered carefully to ensure value for money can be demonstrated and that the Council can ensure the security of such funds.

5.9 In determining whether borrowing will be undertaken in advance of need, the Council will:

- Ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to fund in advance of need;
- Ensure the ongoing revenue liabilities created, and the implications on future plans and budgets have been considered;
- Evaluate the economic and market factors that might influence the manner and timing of any decision;
- Consider the merits and demerits of alternative forms of funding;
- Consider the alternative interest rate bases available, the most appropriate time periods and repayment profiles;
- Consider the impact of temporarily increasing cash balances until cash is required to finance capital expenditure, and the consequent increase in exposure to counterparty and other risks.

Scheme of Delegation

5.10 The scheme of Delegation for Treasury Management Strategy decision making and overview/scrutiny are shown in Appendix E.

6 Debt Rescheduling

6.1 As short term borrowing rates are cheaper than longer term rates, there may be opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of their short term nature and the likely cost of debt repayments.

6.2 The reasons for any rescheduling to take place will include:

- The generation of cash savings and/or discounted cash flow savings;
- Helping to fulfil the strategy
- Enhancing the balance of the portfolio, for example reducing concentration of the debt maturity profile.

6.3 Consideration will also be given to identify if there is any potential for making savings by running down investment balances in order to repay debt prematurely as short term interest received on investments is likely to be lower than interest paid on current debt.

6.4 Consideration will be given to the option of making pension fund contributions earlier than is required.

6.5 The option to make repayment of some external debt to the PWLB in order to reduce the difference between its gross and net debt position will be kept under review. However, the penalty premiums that would be incurred by doing so means there currently is no net financial benefit from such early repayment. The Municipal Bonds Agency offers loans to local authorities and is on our list of options that we may consider.

7 Annual Investment Strategy

Investment Policy

7.1 The Council will have regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code").

7.2 The Council's investment priorities will be security first, liquidity second and then return.

7.3 In accordance with the above, and in order to minimise the risk to investments, the Council has stipulated in Appendix F, the minimum acceptable credit quality of counterparties for inclusion on the lending list.

7.4 It is recognised that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which the institutions operate. The assessment will also take account of information that reflects the opinion of the markets. The Council will engage with its advisors to assist in this.

7.5 Other information sources used will be used including the financial press, share price and other such information pertaining to the banking sector in order to scrutinise the suitability of potential investment counterparties. The aim of the strategy is to generate a list of highly creditworthy counterparties which will enable diversification and therefore avoid concentration risk. The intention of the strategy is to provide security of investment and minimisation of risk.

7.6 Investment instruments identified for use in the financial year are listed in Appendix F under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the Council's Treasury Management Practices Schedules.

7.7 The Council on occasion will hold long term investments or provide loans for operational policy reasons, for example, to our local authority traded companies. Operational loans and investments will be assessed and approval sought from members on a case-by-case basis. This will include a full assessment of the risk, including credit risk and how this will be managed.

A new risk for 18/19 is the expected credit risk impairment resulting from changes to the code impacting financial instruments which fall under IFRS9. The Council currently invests in two pooled funds which are affected by this change, the Threadneedle Social Bond Fund and the CCLA Property Fund. These funds will be reviewed and accounted for as per the CIPFA code.

Creditworthiness Policy

7.8 The first principle governing the Council's investment criteria is the security of its investments. To mitigate security risk the Council will ensure that it:

- Maintains a policy covering both the categories and types of investment that can be invested in.
- Maintains criteria for choosing investment counterparties with adequate security.
- Maintains a process for the monitoring of their security.

7.9 The second principle is ensuring liquidity. The Council will ensure that it has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sum invested

7.10 The Assistant Director of Finance and ICT Strategy will maintain a counterparty list in compliance with the criteria and will revise and submit the criteria to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

7.11 Credit rating information is supplied by Link, our treasury consultants, on all counterparties that comply with the stated criteria. Any counterparty failing to meet the criteria will be deleted from the counterparty lending list. Any rating changes, watches (notification of a likely change), or outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing.

Country Limits

7.12 The Council has determined that it will only use approved counterparties from the UK and from countries with a minimum sovereign credit rating of AA from Fitch Ratings (or an equivalent rating from other agencies if Fitch does not provide). The list of countries that qualify using this credit criteria at the current time are shown in Appendix G. This list will be amended by officers as and when ratings change in accordance with this policy.

Investment Strategy

7.13 The Council has in-house managed funds that are mainly cash flow derived and a core balance available for investment mostly within periods of one year with some over one year period. Investments will be made with regard to the core balance, cash flow requirements and the outlook for short term interest rates.

7.14 For its cash flow generated balances, the Council will seek to utilise its balances in order to benefit from the compounding of interest.

End of Year Investment Report

7.15 At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Outturn Report.

External Fund Managers

7.16 The County Council uses a number of external managers to spread risk and obtain maximum market exposure. The fund managers will use both specified and

non-specified investments and must comply with the terms set out in Appendix F. External fund managers actively used during the last year are listed below.

Fund Manager	Product/Fund Name
CCLA	Public Sector Deposit Fund Local Authority Property Fund
Standard Life	Short Duration Cash Fund
Aberdeen Asset Management	Ultra Short Duration fund
Federated Investors	Sterling Liquidity Fund
Columbia Threadneedle	UK Social Bond Fund
Aviva Investors	Sterling Core Liquidity Fund

Policy on the Use of External Service Providers

7.17 The Council uses Link as its external treasury management advisers. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed, documented and subject to regular review.

Role of the Section delegation delegationcer

7.18 The detailed responsibilities of the Section 151 Officer in respect of Treasury Management are set out at Appendix H.

Pension Fund Cash

7.19 This Council will comply with the requirements of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009, implemented 1 January 2010. With effect 1 April 2010, the Council does not pool pension fund cash with its own cash balances for investment purposes. Any investments made by the pension fund directly with this local authority after 1 April 2010 must comply with the requirements of SI 2009 No 393.

8. Non Treasury Management Investments

8.1 This section covers investments made primarily made in order to earn income commercially or to deliver service objectives. Where the local authority holds

investments in non-Treasury Management assets that are primarily for the purpose of achieving a financial return there is a new requirement under the revised code to report on these.

- 8.2 The Council does not have a policy of making investments primarily for the purpose of receiving a financial return.
- 8.3 The Council has no plans to borrow in 2019/20 purely to profit from the investment of the sums borrowed.
- 8.4 The Council does own shares and issue debt to some companies for service purposes, and holds some investment related property. Existing policies and controls will remain in place for the management of these.
- 8.4 New proposals for investment for non-Treasury Management purposes will be required to have direct Council approval or be approved through a delegated framework of controls that would be set out in an updated strategy statement.
- 8.5 The Section 151 Officer responsibilities (Appendix H) have been expanded to have regard to non-Treasury Management investments.
- 8.6 New investment proposals will be formally documented and assessed, including a financial appraisal, and an assessment of risk and risk management which must include consideration of credit risk. External expertise and advice will be sought where appropriate, and monitoring arrangements will include credit risk monitoring.

9 Minimum Revenue Provision

- 9.1 The Council's policy on Minimum Revenue Provision (MRP) is shown in Appendix I.

	Name	Contact Information
Report Author	Chris Norton Strategic Finance Manager	chrisnorton@warwickshire.gov.uk
Interim Assistant Director - Finance and ICT Strategy	Lisa Kitto	lisakitto@warwickshire.gov.uk

Appendices

- A. Treasury Management Strategy Statement
- B. Prudential and Treasury Indicators
- C. Prudential Term Explanations
- D. Capita Economic Commentary
- E. Treasury Management Scheme of Delegation
- F. Schedule of Specified and Non Specified Investments
- G. Approved Countries for Investments
- H. The Treasury Management Role of the S151 (Responsible) Officer
- I. Minimum Revenue Provision

Appendix B

	2017/18	2018/19	2019/20	2020/21	2021/22
(1). AFFORDABILITY PRUDENTIAL INDICATORS					
	Actual	estimate	estimate	estimate	estimate
	£'000	£'000	£'000	£'000	£'000
Capital Expenditure	78,344	132,825	230,593	55,489	7,261
	%	%	%	%	%
Ratio of financing costs to net revenue stream	7.10	6.99	7.14	8.00	7.90
	£'000	£'000	£'000	£'000	£'000
Gross borrowing requirement					
Gross Debt	362,274	362,274	352,274	332,274	332,275
Capital Financing Requirement as at 31 March	313,947	336,652	441,402	424,933	408,127
Under/(Over) Borrowing	(48,327)	(25,622)	89,128	92,659	75,852
	£'000	£'000	£'000	£'000	£'000
In year Capital Financing Requirement	(2,746)	22,704	104,751	(16,470)	(16,806)
	£'000	£'000	£'000	£'000	£'000
Capital Financing Requirement as at 31 March	313,947	336,652	441,402	424,933	408,127
PRUDENTIAL INDICATOR	2017/18	2018/19	2019/20	2020/21	2021/22
(2). TREASURY MANAGEMENT PRUDENTIAL INDICATORS					
	Approved	estimate	estimate	estimate	estimate
	£'000	£'000	£'000	£'000	£'000
Authorised limit for external debt -					
Borrowing	549,049	516,818	587,675	579,911	535,744
other long term liabilities	12,000	12,000	12,000	12,000	12,000
TOTAL	561,049	528,818	599,675	591,911	547,744
	£'000	£'000	£'000	£'000	£'000
Operational boundary for external debt -					
Borrowing	457,540	430,681	489,729	483,259	446,453
other long term liabilities	10,000	10,000	10,000	10,000	10,000
TOTAL	467,540	440,681	499,729	493,259	456,453
Upper limit for fixed interest rate exposure					
Net principal re fixed rate borrowing / fixed term investments	100%	100%	100%	100%	100%
Upper limit for variable rate exposure					
Net principal re fixed rate borrowing / fixed term investments	25%	25%	25%	25%	25%
Upper limit for total principal sums invested for over 365 days					
(per maturity date)	£	£	£	£	£
	£0	£60,000	£60,000	£60,000	£60,000
Maturity structure of new fixed rate borrowing during year	upper limit	upper limit	lower limit		
under 12 months	20%	20%	0%		
12 months and within 24 months	20%	20%	0%		
24 months and within 5 years	60%	60%	0%		
5 years and within 10 years	100%	100%	0%		
10 years and above	100%	100%	0%		
Maturity structure of new variable rate borrowing during year	upper limit	upper limit	lower limit		
under 12 months	20%	20%	0%		
12 months and within 24 months	20%	20%	0%		
24 months and within 5 years	60%	60%	0%		
5 years and within 10 years	100%	100%	0%		
10 years and above	100%	100%	0%		

PRUDENTIAL INDICATORS

Ratio of financing costs to net revenue stream

The ratio of financing costs to net revenue stream shows the estimated annual revenue costs of borrowing, less net interest receivable on investments, plus repayments of capital, as a proportion of annual income from council taxpayers and central government. The estimates of financing costs include current and future commitments based on the capital programme.

Gross Borrowing

Gross borrowing refers to the Authority's total external borrowing and other long term liabilities versus the Capital Financing Requirement.

Actual and Estimated Capital Expenditure

Actual and estimates of capital expenditure for the current and future years.

Capital Financing Requirement

The Capital Financing Requirement (CFR) represents capital expenditure financed by external debt and not by capital receipts, revenue contributions, capital grants or third party contributions at the time of spending. The CFR measures the Authority's underlying need to borrow externally for a capital purpose. The Authority has a treasury management strategy which accords with the CIPFA Code of Practice for Treasury Management in the Public Services.

Authorised Limit

In respect of its external debt, the Authority approves authorised limits for its total external debt gross of investments. These limits separately identify borrowing from other long-term liabilities such as finance leases. Authorised Limits are consistent with the Authority's current commitments, service plans, proposals for capital expenditure and associated financing, cash flow and accord with the approved Treasury Management Policy statement and practices. The Authorised Limit is based on the estimate of most likely prudent, but not necessarily the worst case scenario and provides sufficient additional headroom over and above the Operational Boundary.

Operational Boundary

The Operational Boundary for external debt is based on the same estimates as the authorised limit but reflects the Head of Finance's estimate of the most likely, prudent but not worst case scenario, without the additional headroom included within the authorised limit to allow for unusual cash movements, and equates to the maximum of external debt projected by this estimate. The operational boundary

represents a key management tool for in-year monitoring. Within the operational boundary, figures for borrowing and other long-term liabilities are separately identified.

Limits on Interest Rate Exposure

This means that the Authority will manage fixed and variable interest rate exposure within the ranges. This provides flexibility to take advantage of any favourable movements in interest rates.

Economic Commentary (LAS View)

Economic Background

GLOBAL OUTLOOK. World growth has been doing reasonably well, aided by strong growth in the US. However, US growth is likely to fall back in 2019 and, together with weakening economic activity in China, overall world growth is likely to weaken.

Inflation has been weak during 2018 but, at long last, unemployment falling to remarkably low levels in the US and UK has led to a marked acceleration of wage inflation. The US Fed has therefore increased rates nine times and the Bank of England twice. However, the ECB is now probably unlikely to make a start on raising rates in 2019.

KEY RISKS - central bank monetary policy measures

Looking back on nearly ten years since the financial crash of 2008 when liquidity suddenly dried up in financial markets, it can be assessed that central banks' monetary policy measures to counter the sharp world recession were successful. The key monetary policy measures they used were a combination of lowering central interest rates and flooding financial markets with liquidity, particularly through unconventional means such as quantitative easing (QE), where central banks bought large amounts of central government debt and smaller sums of other debt.

The key issue now is that that period of stimulating economic recovery and warding off the threat of deflation, is coming towards its close. A new period has already started in the US, and more recently in the UK, of reversing those measures i.e. by raising central rates and, (for the US), reducing central banks' holdings of government and other debt. These measures are now required in order to stop the trend of a reduction in spare capacity in the economy, and of unemployment falling to such low levels that the re-emergence of inflation is viewed as a major risk. It is, therefore, crucial that central banks get their timing right and do not cause shocks to market expectations that could destabilise financial markets. In particular, a key risk is that because QE-driven purchases of bonds drove up the price of government debt, and therefore caused a sharp drop in income yields, this also encouraged investors into a search for yield and into investing in riskier assets such as equities. Consequently, prices in both bond and equity markets rose to historically high valuation levels simultaneously. This now means that both asset categories are vulnerable to a sharp downward correction. It is important, therefore, that central banks only gradually unwind their holdings of bonds in order to prevent destabilising the financial markets. It is also likely that the timeframe for central banks unwinding their holdings of QE debt purchases will be over several years. They need to balance their timing to neither squash economic recovery, by taking too rapid and too strong action, or, conversely, let inflation run away by taking action that was too slow and/or too weak. **The potential for central banks to get this timing and strength of action wrong are now key risks.** It is particularly notable that, at its 30 January 2019 meeting, the Fed dropped its previous words around expecting further increases in interest rates; it merely said it would be "patient".

The world economy also needs to adjust to a sharp change in **liquidity creation** over the last five years where the US has moved from boosting liquidity by QE purchases, to reducing its

holdings of debt. In addition, the European Central Bank has cut back its QE purchases substantially and is likely to end them completely by the end of 2018.

UK. 2018 was a year which started with weak growth of only 0.1% in quarter 1. However, quarter 2 rebounded to 0.4% in quarter 2 followed by quarter 3 being exceptionally strong at +0.6%. Quarter 4 though, was depressed by the cumulative weight of Brexit uncertainty and came in at only +0.2%. Growth is likely to continue being weak until the Brexit fog clears.

The MPC stated that future Bank Rate increases would be gradual and would rise to a much lower equilibrium rate, (where monetary policy is neither expansionary or contractionary), than before the crash; indeed they gave a figure for this of around 2.5% in ten years time but declined to give a medium term forecast. However, with so much uncertainty around Brexit, they warned that the next move could be up or down, even if there was a disorderly Brexit. While it would be expected that Bank Rate could be cut if there was a significant fall in GDP growth as a result of a disorderly Brexit, so as to provide a stimulus to growth, they warned they could also raise Bank Rate in the same scenario if there was a boost to inflation from a devaluation of sterling, increases in import prices and more expensive goods produced in the UK replacing cheaper goods previously imported, and so on. In addition, the Chancellor has held back some spare capacity to provide a further fiscal stimulus if needed.

Inflation. The Consumer Price Index (CPI) measure of inflation has been falling from a peak of 3.1% in November 2017 to 2.1% in December 2018. In the February Bank of England quarterly Inflation Report, inflation was forecast to still be marginally above its 2% inflation target two years ahead given a scenario of minimal increases in Bank Rate.

As for the **labour market** figures in November were particularly strong with an emphatic increase in total employment of 141,000 over the previous three months, unemployment at 4.0%, a 43 year low of 4% on the Independent Labour Organisation measure, and job vacancies hitting an all-time high, indicating that employers are having major difficulties filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation picked up to 3.3%, (3 month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates less CPI inflation), earnings are currently growing by about 128%, the highest level since 2009. This increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. This tends to confirm that the MPC was right to start on a cautious increase in Bank Rate in August as it views wage inflation in excess of 3% as increasing inflationary pressures within the UK economy.

In the **political arena**, the Brexit deal put forward by the Conservative minority government was defeated on 15 January. Prime Minister May is currently, (mid-February), seeking some form of modification or clarification from the EU of the Irish border backstop issue. However, our central position is that the Government will endure, despite various setbacks, along the route to reaching an orderly Brexit though the risks are increasing that it may not be possible to get full agreement by the UK and EU before 29 March 2019, in which case this withdrawal date is likely to be pushed back to a new date. If, however, the UK faces a general election in the next 12 months, this could result in a potential loosening of monetary and fiscal policy

and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up.

USA. President Trump's massive easing of fiscal policy is fuelling a, (temporary), boost in consumption which has generated an upturn in the rate of strong growth which rose from 2.2%, (annualised rate), in quarter 1 to 4.2% in quarter 2 and 3.5%, (3.0% y/y), in quarter 3, but also an upturn in inflationary pressures. In particular, wage rates were increasing at 3.1% y/y in October and heading higher due to unemployment falling to a 49 year low of 3.7%. With CPI inflation over the target rate of 2% and on a rising trend towards 3%, the Fed increased rates another 0.25% in September to between 2.00% and 2.25%, this being the fourth increase in 2018. They also indicated that they expected to increase rates four more times by the end of 2019. The dilemma, however, is what to do when the temporary boost to consumption wanes, particularly as the recent imposition of tariffs on a number of countries' exports to the US, (China in particular), could see a switch to US production of some of those goods, but at higher prices. Such a scenario would invariably make any easing of monetary policy harder for the Fed in the second half of 2019. However, a combination of an expected four increases in rates of 0.25% by the end of 2019, together with a waning of the boost to economic growth from the fiscal stimulus in 2018, could combine to depress growth below its potential rate, i.e. monetary policy may prove to be too aggressive and lead to the Fed having to start on cutting rates. The Fed has also been unwinding its previous quantitative easing purchases of debt by gradually increasing the amount of monthly maturing debt that it has not been reinvesting.

The tariff war between the US and China has been generating a lot of heat during 2018, but it is not expected that the current level of actual action would have much in the way of a significant effect on US or world growth. However, there is a risk of escalation. The results of the mid-term elections are not expected to have a material effect on the economy.

Eurozone. Growth was 0.4% in quarters 1 and 2 but fell back to 0.2% in quarter 3, though this is probably just a temporary dip. In particular, data from Germany has been mixed and it could be negatively impacted by US tariffs on a significant part of manufacturing exports e.g. cars. For that reason, although growth is still expected to be in the region of nearly 2% for 2018, the horizon is less clear than it seemed just a short while ago. Having halved its quantitative easing purchases of debt in October 2018 to €15bn per month, the European Central Bank has indicated it is likely to end all further purchases in December 2018. Inflationary pressures are starting to build gently so it is expected that the ECB will start to increase rates towards the end of 2019.

China. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems. Progress has been made in reducing the rate of credit creation, particularly from the shadow banking sector, which is feeding through into lower economic growth. There are concerns that official economic statistics are inflating the published rate of growth.

Japan - has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little

progress on fundamental reform of the economy. It is likely that loose monetary policy will endure for some years yet to try to stimulate growth and modest inflation.

Emerging countries. Argentina and Turkey are currently experiencing major headwinds and are facing challenges in external financing requirements well in excess of their reserves of foreign exchange. However, these countries are small in terms of the overall world economy, (around 1% each), so the fallout from the expected recessions in these countries will be minimal.

INTEREST RATE FORECASTS

The interest rate forecasts provided by our treasury management advisers, Link Asset Services are **predicated on an assumption of an agreement being reached on Brexit between the UK and the EU**. On this basis, while GDP growth is likely to be subdued in 2019 due to all the uncertainties around Brexit depressing consumer and business confidence, an agreement is likely to lead to a boost to the rate of growth in 2020 which could, in turn, increase inflationary pressures in the economy and so cause the Bank of England to resume a series of gentle increases in Bank Rate. Just how fast, and how far, those increases will occur and rise to, will be data dependent. The forecasts in this report assume a modest recovery in the rate and timing of stronger growth and in the corresponding response by the Bank in raising rates.

- In the event of an **orderly non-agreement exit**, it is likely that the Bank of England would take action to cut Bank Rate from 0.75% in order to help economic growth deal with the adverse effects of this situation. This is also likely to cause short to medium term gilt yields to fall.
- If there was a **disorderly Brexit**, then any cut in Bank Rate would be likely to last for a longer period and also depress short and medium gilt yields correspondingly. It is also possible that the government could act to protect economic growth by implementing fiscal stimulus.

However, there would appear to be a majority consensus in the Commons against any form of non-agreement exit so the chance of this occurring has now substantially diminished.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably neutral.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also even and are broadly dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

One risk that is both an upside and downside risk, is that all central banks are now working in very different economic conditions than before the 2008 financial crash as there has been a major increase in consumer and other debt due to the exceptionally low levels of borrowing rates that have prevailed for ten years since 2008. This means that the neutral rate of interest in an economy, (i.e. the rate that is neither expansionary nor deflationary), is difficult to determine definitively in this new environment, although central banks have made statements that they expect it to be much lower than before 2008. Central banks could therefore either over or under do increases in central interest rates.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- **Brexit** – if it were to cause significant economic disruption and a major downturn in the rate of growth.
- **Bank of England monetary policy** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **eurozone sovereign debt crisis**, possibly in **Italy**, due to its high level of government debt, low rate of economic growth and vulnerable banking system, and due to the election in March of a government which has made a lot of anti-austerity noise. The EU rejected the initial proposed Italian budget and demanded cuts in government spending which the Italian government initially refused. However, a fudge was subsequently agreed, but only by *delaying* the planned increases in expenditure to a later year. This can have therefore only been kicked down the road to a later time. The rating agencies have started on downgrading Italian debt to one notch above junk level. If Italian debt were to fall below investment grade, many investors would be unable to hold it. Unsurprisingly, investors are becoming increasingly concerned by the words and actions of the Italian government and consequently, Italian bond yields have risen – at a time when the government faces having to refinance large amounts of debt maturing in 2019.
- Weak capitalisation of some **European banks**. Italian banks are particularly vulnerable; one factor is that they hold a high level of Italian government debt - debt which is falling in value. This is therefore undermining their capital ratios and raises the question of whether they will need to raise fresh capital to plug the gap.
- **German minority government**. In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. Then in October 2018, the results of the Bavarian and Hesse state elections radically undermined the SPD party and showed a sharp fall in support for the CDU. As a result, the SPD is reviewing whether it can continue to support a coalition that is so damaging to its electoral popularity. After the result of the Hesse state election, Angela Merkel announced that she would not stand for re-election as CDU party leader at her party's convention in December 2018, (a new party leader has now been elected). However, this makes little practical difference as she is still expected to aim to continue for now as the Chancellor. However, there are five more state elections coming up in 2019 and EU parliamentary elections in May/June; these could result in a further loss of electoral support for both the CDU and SPD which could also undermine her leadership.
- **Other minority eurozone governments**. Spain, Portugal, Ireland, the Netherlands and Belgium all have vulnerable minority governments dependent on coalitions which could prove fragile. Sweden is also struggling to form a government due to the anti-immigration party holding the balance of power, and which no other party is willing to form a coalition with. The Belgian coalition collapsed in December 2018 but a minority caretaker government has been appointed until the May EU wide general elections.
- **Austria, the Czech Republic and Hungary** now form a strongly anti-immigration bloc within the EU while **Italy**, in 2018, also elected a strongly anti-immigration government. Elections to the EU parliament are due in May/June 2019.
- Further increases in interest rates in the US could spark a **sudden flight of investment funds** from more risky assets e.g. shares, into bonds yielding a much improved yield. Throughout the last quarter of 2018, we saw sharp falls in equity markets interspersed with occasional partial rallies. Emerging countries which have borrowed heavily in dollar denominated debt, could be particularly exposed to this risk of an investor flight to safe havens e.g. UK gilts.

- There are concerns around the level of **US corporate debt** which has swollen massively during the period of low borrowing rates in order to finance mergers and acquisitions. This has resulted in the debt of many large corporations being downgraded to a BBB credit rating, close to junk status. Indeed, 48% of total investment grade corporate debt is now rated at BBB. If such corporations fail to generate profits and cash flow to reduce their debt levels as expected, this could tip their debt into junk ratings which will increase their cost of financing and further negatively impact profits and cash flow.
- **Geopolitical risks**, especially North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates

- **Brexit** – if both sides were to agree by 29 March a compromise that quickly removed all threats of economic and political disruption and so led to an early boost to UK economic growth.
- **The Fed causing a sudden shock in financial markets** through misjudging the pace and strength of increases in its Fed Funds Rate and in the pace and strength of reversal of QE, which then leads to a fundamental reassessment by investors of the relative risks of holding bonds, as opposed to equities. This could lead to a major flight from bonds to equities and a sharp increase in bond yields in the US, which could then spill over into impacting bond yields around the world.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflation pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- **UK inflation**, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

Treasury Management Scheme of Delegation

(i) County Council

- approval of annual strategy.
- budget consideration and approval.
- approval of the division of responsibilities.

(ii) Cabinet

- scrutinise the proposed annual strategy.
- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices.

(iii) Resources and Fire & Rescue Overview and Scrutiny Committee

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.
- receiving and reviewing regular monitoring reports and acting on recommendations.

Appendix F

Specified Investments

All such investments will be sterling denominated, with maturities up to maximum of one year, meeting the minimum 'high' rating criteria where applicable.

	Minimum 'High' Credit Criteria	Use
DMO Deposit Facility	--	In-house
Term deposits: Local Authorities	--	In-house
Nationalised Banks	Short-term F1, Support 1	In-house and External Manager
Term deposits: UK Banks	Short-term F1, Long-term A, Viability a, Support 3	In-house and External Manager
Term deposits: Bank Council uses for current account	--	In-house and External Manager
Term deposits: UK Building Societies	Top five largest societies as reported semi-annually. (To be continually monitored)	In-house and External Manager
Term deposits: Overseas Banks	Short-term F1+, Long-term AA, Viability aa, Support 1	In-house and External Manager
Certificates of deposits issued by UK banks and building societies	Short-term F1, Long-term A, Viability a, Support 3	External Manager
Money Market Funds	AA	In-house and External Manager
UK Government Gilts, Treasury Bills	--	External Manager
Gilt Funds and Bond Funds	Long-term A	External Manager

Non-Specified Investments

	Minimum Credit Criteria	Use
Term deposits: UK banks and building societies with maturities in excess of one year with a maximum of three years allowed for in-house deposits	Short-term F1, Long-term A, Viability a, Support 3	In-house and External Manager
Fixed Term Deposit with Variable Rates and Variable Maturities	Short-term F1, Long-term A, Viability a+, Support 3	In-house and External Manager
Certificates of Deposits issued by UK banks and building societies	Short-term F1, Long-term A, Viability a, Support 3	External Manager
UK Government Gilts with maturities in excess of 1 year	--	External Manager
Local Authority Mortgage Scheme	As per scheme conditions	In-house
Investment in the Local Government Association Mutual Bond Agency, the local Government Money Market and Property investment vehicles managed on behalf of the Local Government Association by CCLA.	--	--
Local Authority wholly owned trading company	--	In-house

* Specified investments are those with a high level of credit quality and subject to a maturity limit of one year.

* Non-specified investments are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.

Approved Countries for Investments

AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France
- Hong Kong
- U.K.

The Treasury Management Role of the S151 (Responsible) Officer: Strategic Director - Resources

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- submitting regular treasury management policy reports
- submitting budgets and budget variations
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers
- entering into repurchase transactions where appropriate

Additional responsibilities in respect of non-financial investments:

- ensuring that due diligence is carried out on treasury and non-financial investments in accordance with the risk appetite of the authority.
- ensuring the proportionality of investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources.
- ensuring an adequate governance process is in place for the approval, monitoring, and ongoing risk management of non-financial investments and long term liabilities.
- Ensuring adequate treasury management practices are in place for non-financial investments

Appendix I

MINIMUM REVENUE PROVISION

1. What is a Minimum Revenue Provision?

Capital expenditure is generally expenditure on assets which have a life expectancy of more than one year e.g. buildings, vehicles, machinery etc. It would be impractical to charge the entirety of such expenditure to revenue in the year in which it was incurred and so such expenditure is spread over several years so as to try to match the years over which such assets benefit the local community through their useful life. The manner of spreading these costs is through an annual Minimum Revenue Provision (MRP).

2. Statutory Duty

Statutory Instrument 2008 no. 414 s4 lays down that:

“A local authority shall determine for the current financial year an amount of minimum revenue provision that it considers to be prudent.”

There is no requirement to charge MRP where the Capital Financing Requirement is nil or negative at the end of the preceding financial year.

3. Government Guidance

Along with the above duty, the Government issued guidance in February 2008 which requires that a Statement on the Council’s policy for its annual MRP should be submitted to the full Council for approval before the start of the financial year to which the provision will relate.

The Council is legally obliged to “have regard” to the guidance, which is intended to enable a more flexible approach to assessing the amount of annual provision than was required under the previous statutory requirements. The guidance offers four main options under which MRP could be made with an overriding recommendation that the Council should make prudent provision to redeem its debt liability over a period which is reasonably commensurate with that over which the capital expenditure is estimated to provide benefits. The requirement to “have regard” to the guidance therefore means that:

- a. Although four main options are recommended in the guidance, there is no intention to be prescriptive by making these the only methods of charge under which a local authority may consider its MRP to be prudent.
- b. It is the responsibility of each authority to decide upon the most appropriate method of making a prudent provision, after having had regard to the guidance.

4. Warwickshire County Council Policy

We have decided not to use any of the options outlined in the statutory guidance but to adopt an alternative approach, which we believe is prudent.

The MRP provision will be calculated on the average remaining useful life of the Council's asset portfolio. We will calculate and apply the remaining useful life over two categories of asset:

- Land, buildings and infrastructure;
- Vehicles, plant and equipment.

The proportion of debt outstanding in each category of asset will be determined by the value of assets included in the balance sheet at the end of each financial year.

The 2017 review shows that the remaining useful life of our assets is now 28 years. By using an average life of 28 years for our assets equates to an annual provision of 4% straight line MRP.

For vehicles, plant and equipment, the remaining useful life is assumed to be five years e.g. 5 years average remaining useful life will result in 20% straight line MRP.

Cabinet

7 March 2019

Agency/Interim Staffing - Approval to Procure

Recommendations

That Cabinet:

- 1) Authorises the Joint Managing Director of Resources to commence appropriate procurement processes for the provision of agency/interim staff,
- 2) Authorises the Joint Managing Director of Resources to enter into all relevant contracts for the provision of agency/interim staffing on terms and conditions acceptable to him.

1.0 Key Issues

- 1.1 Most organisations have a need for temporary labour to support their permanent workforce and contracting with specialist agencies is the most common way to access the temporary labour market.
- 1.2 There are a number of reasons why organisations choose to make use of agency/interim staffing including: -
 - 1.2.1 Enables organisations to maintain optimal staffing levels i.e. adding to or reducing the workforce when needed to meet fluctuating demand for people resource.
 - 1.2.2 Enables organisations to meet project deadlines and handle extraordinary business demands
 - 1.2.3 Timely access to specific or specialist skill sets not available within the permanent workforce
 - 1.2.4 Workers arrive 'ready to work' as the agency undertakes the necessary pre-employment checks (e.g. right to work, DBS, reference checking etc.)
- 1.3 Prior to July 2018, the Council was a participant in a sub-regional (Coventry City Council (CCC), Solihull Metropolitan Borough Council (SMBC) and Warwickshire County Council (The Council) contract for agency/interim staffing. The Council withdrew from this contract at the point CCC and SMBC undertook a re-tendering exercise which resulted in a change of supplier. This decision was based on three key considerations: -

- The 'cost' of change (made up of costs associated with transferring agency/interim workers in situ at the Council, implementation of replacement systems, business process reengineering, project management etc.) associated with changing supplier which was calculated in September 2017 and considered to be in the region of £117,287
- The internal resource implications given that the Council staff that would be involved in managing the changeover of supplier were the same staff actively engaged in the implementation of YourHR
- The risk to the wider business of losing key agency/interim workers engaged on other Council priority projects as a consequence of transitioning to a new supplier e.g. the implementation of 'Mosaic', the Social Worker recruitment project etc.

1.4 The Council's current contract for the provision of agency/interim staffing is due to expire on 30th November 2019. The Council has used all available contract extensions and therefore has to take some action.

1.5 The current contract value is made up of two elements, payments made to the workers in the form of 'pay' and the margin retained by the agency to manage the supply of agency staff. The value of these two elements together exceed the EU threshold for 'Services' contracts and therefore an EU compliant procurement process would be required to be undertaken. In the event of a no-deal Brexit, some of the practical steps in relation to an EU compliant procurement process will change however the principles and requirement to advertise will not change.

1.6 The current contract facilitates the engagement of workers in two ways: -

1.6.1 workers directly employed by the contracted agency which is beneficial as it generally attracts a lower level of agency on-cost and

1.6.2 workers via a 'second tier' which is a larger panel of additional suppliers that are still accessed via the contracted agency under pre agreed terms and conditions. Securing staff via the second tier generally attracts a higher level of on-cost than staff secured directly from the contracted agency but this on-cost is generally lower than for those staff secured 'off contract'.

A breakdown of spend between the contracted supplier and the 'second tier' suppliers during the period January 18 – December 18 is provided below.

	Total (£)	Total (%)
Contracted Supplier	£2,219,628	30.67%
Second Tier Suppliers	£5,015,324	69.32%
Grand Total	£7,234,952	

In this period, ICT and Social Care (specifically in relation to Qualified Social Workers) together accounted for in excess of 50% of the spend.

There have been two main drivers for the use of agency/interim staff in ICT

- despite a number of attempts, the Council has struggled to recruit permanent staff and therefore needs to access capacity through the agency/interim route. Pay rates are considered to be a significant factor in our failure to recruit.
- we have a need for specialist staff for a fixed period of time to deliver a project or specific piece of work and using agency/interim workers is a cost effective way for the Council to do this.

When we make use of agency/interim workers in Social Care, it is generally because of: -

- a need to respond to demand and strategic objectives following previous inspections e.g. to reduce social worker caseloads
- difficulties in relation to the recruitment and retention of permanent social workers, particularly experienced staff and those in specialist roles such as independent reviewing officers (IRO) and Local authority designated officer (LADO)..
- more experienced staff choosing to be employed via agency rather than on permanent contracts due to higher rates of pay
- generally competing for social workers with neighbouring authorities where pay may be higher.

- 1.7 Considered use of agency/interim workers can contribute positively to the Council being able to deliver its wider corporate objectives. For example, Legal Services is very successful at securing commissions from third parties however some of this work may be open ended or time limited and therefore using agency/interim solicitors can be the most cost effective way for the Council to deliver this work as it enables the business to react swiftly to fluctuating demand for the service and manage operational costs.
- 1.8 During the life of the current contract, the Council has taken positive steps to consolidate its agency staffing requirements. This has provided a number of benefits including cost reduction in some categories, increased leverage with the supplier due to increased overall spend, improved contract management as there is only a single supplier to manage, reasonably seamless implementation of the revised regulations in relation to IR35, a common back office system for managers to make interim/agency staff bookings and authorise timesheets etc.
- 1.9 Despite the existence of a corporate contract, the Council has struggled to secure staff in a number of more specialist or niche areas and especially in the areas of project and programme management. The corporate contract has also proved less effective in relation to securing more senior interims. As a consequence the Council is recruiting agency/interim workers from a variety of 'off contract' suppliers. This creates a number of issues about value for money, terms and conditions of supply, and effective management of multiple suppliers.

An analysis of the expenditure within financial systems against the 'Agency Staff General' classification code, has identified spend that appears to be outside of the corporate contract totalling £2,022,912 spread across 35 different suppliers. This data requires further investigation in order to confirm that it all relates to agency/interim workers and there may be additional expenditure not currently included because it is being coded elsewhere, for example against individual projects. The data does however provide an indication of the potential scale of the Council's agency/interim worker requirement not being fulfilled through its current corporate contract and which will need to be addressed as part of the new procurement process.

- 1.10 One of the on-going transformation work streams is the review of business support. One of the objectives of this review is to maximise the Council's directly employed business support staff and in so doing, reduce the requirement for and therefore deliver a saving against the costs associated with, employing agency/interim workers, particularly in the admin/clerical category. However, the Council has a wide and varied requirement for agency/interim workers and because of the specialist nature of the demand in some areas of the council, not all of this demand will be able to be directly satisfied from within Business Support. Therefore appropriate contracts with specialist agencies will need to form part of the solution going forwards.
- 1.11 Historical practice has been for managers to directly engage agency/interim workers to meet their business needs. Whilst the transition to the new business support model within the Council is taking place, an alternative process has been introduced to manage the engagement of agency/interim workers for business support

2.0 Options

- 2.1 There are a number of procurement options that have been considered
 - 2.1.1 Do nothing -This option has been discounted as the Council's on-going demand for agency/interim staffing is expected to exceed the EU Threshold for contracts for 'Services' (or in a No Deal Brexit, scenario, the UK government arrangements that will replace this) and the Council is therefore obliged to undertake a compliant procurement process.
 - 2.1.2 Undertaking a full and bespoke EU procurement process specifically for Warwickshire – This option has been discounted as going forwards, the Council's demand for and spend on interim/agency staff is expected to reduce and with lower value and volume, it is reasonable to assume that the associated costs of supply following a traditional tendering process will increase. This option is also the most costly from a procurement process perspective.

2.1.3 Access the market via an existing Framework contract/s – This: -

- was the approach adopted for our current contract
- was the approach adopted for the sub regional contract referenced at 2.1.4. and
- is the preferred option for this procurement

Due to the scale of the national framework contracts for agency/interim staffing, accessing the market via this route should provide some commercial protection against our objective to reduce spending in this area and should therefore offer better overall value for money whilst avoiding some of the costs associated with running a full EU procurement process (option 2.1.2).

This option would mean that there is the potential for a new supplier to be successful which would require the Council to transition to the new supplier with all of the operational issues and cost that this would entail however this risk applies in every scenario involving an open competition process.

2.1.4 Joining the existing sub regional contract for agency staffing – This option has the benefit that no further procurement process is required to be undertaken as CCC has already undertaken the procurement on behalf of the sub-region.

However, this option has been discounted because: -

- joining the sub-regional contract guarantees that the Council's cost of supply will increase over current levels as tendered rates on the sub regional contract are higher than the rates currently enjoyed by the Council
- the sub regional contract does not allow the Council to join until June 2020 which means an interim solution would be required between December 2019 and June 2020.
- the sub regional contract makes no specific provision for specialist, niche or senior requirements and therefore it is unlikely that the issues we have faced in this area in the past will improve via the sub regional contract.

3.0 Proposal

The Council will continue to keep all areas of agency/interim worker expenditure under review to ensure that the Council can deliver its objectives whilst at the same time maintaining the right balance between permanent staff and agency/interim workers. This does mean however that going forwards there will continue to be a need to secure 'people' capacity on a flexible basis in the form of agency/interim workers and it is therefore proposed that: -

- 3.1 An appropriate procurement process is undertaken to award a contract via an existing Framework to satisfy the Council's more regular agency/interim staffing requirements
- 3.2 An appropriate procurement process is undertaken to award a contract/s to satisfy the Council's harder to fill, more senior, niche agency/interim staffing requirements.

4.0 Timescales associated with the decision/Next steps

- 4.1 New arrangements to be in place to allow for contract start dates of 1 December 2019.

Background Papers

None

	Name	Contact Information
Report Author	Paul White	paulwhite@warwickshire.gov.uk
Assistant Directors	Steve Smith Sarah Duxbury Kushal Birla	stevesmith@warwickshire.gov.uk sarahduxbury@warwickshire.gov.uk kushalbirla@warwickshire.gov.uk
Joint Managing Director	David Carter	davidcarter@warwickshire.gov.uk
Portfolio Holder	Councillor Kam Kaur Councillor Peter Butlin	

This report was circulated to the following members prior to publication.

Councillors O'Rourke, Chattaway, Boad, Roodhouse, Chilvers, Kaur, Butlin, Timms and Singh Birdi

Cabinet

7 March 2019

Warwickshire Fire and Rescue Service Integrated Risk Management Plan Action Plan 2019/20

Recommendation

That Cabinet provide approval to consult upon the Warwickshire Fire and Rescue Service (WFRS) Integrated Risk Management Plan (IRMP) Action Plan 2019/20.

1.0 Background

- 1.1 Since 2003 every Fire and Rescue Authority has been subject to a statutory requirement to produce a local IRMP that fulfils the requirements of the Fire and Rescue National Framework for England. The Framework establishes the following priorities that need to be considered within an IRMP:
- To identify and assess the full range of foreseeable fire and rescue related risks their areas face, make provision for prevention and protection activities and respond to incidents appropriately;
 - To work in partnership with their communities and a wide range of partners locally and nationally to deliver their service;
 - To be accountable to communities for the service they provide.
- 1.2 Responsibility for preparing the IRMP rests with the Fire Authority. The IRMP summarises how, through effective planning, WFRS consider all fire and rescue service related risks within the community and aim to respond to them, making the most effective and efficient use of people, resources and equipment.
- 1.3 The IRMP 2017- 2020 was approved by Council in July 2017 following a public consultation process. The detail around the actions that WFRS propose to implement is communicated through IRMP Action Plans. These actions are guided by the following five broad enabling objectives:
- Identify further opportunities to develop collaborative working with other blue light services to enhance efficiency, effectiveness and public safety;
 - Review the number, location and resourcing of our fire stations and fire engines;

- Maximise the flexibility and utility of our workforce;
- Develop the use of emerging technology;
- Use our capacity to improve wider community health and social care outcomes.

1.4 The IRMP Action Plan 2019/20 (See Appendix) adds a sixth guiding objective to reflect the new national inspection regime conducted by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS):

- Deliver continuous improvement activity as identified through the HMICFRS inspection programme.

2.0 Key Issues

2.1 The IRMP Action Plan 2019/20 will be considered the key business plan for WFRS, and has been developed taking into account a number of key work streams with strategic importance to Fire and Rescue. These include work being driven by the Memorandum of Understanding with West Midlands Fire Service, the HMICFRS Improvement Plan and the OOP2020 savings plan.

2.2 The IRMP Action Plan 2019/20 includes a range of actions, most of which can be considered normal continuous improvement activity. However, there is also an action that provides an opportunity for engagement at the very early stages of the proposal (to explore options for new fire station locations in the Nuneaton and North Warwickshire area) and a more developed proposal that will require a specific piece of consultation (the provision of a new fire station to the south of Rugby).

2.3 The Equalities Impact Assessment that was undertaken during the development of the IRMP 2017-20 will be reviewed, and a specific Equalities Impact Assessment for action 2.1 (the provision of a new fire station to the south of Rugby) will be completed.

3.0 Next Steps

IRMP Action Plan Timeline	
Date	Event
Mid March	Publish draft IRMP Action Plan with explanatory communications. Invite general feedback on 'Ask Warwickshire' with targeted engagement for action 2.2.
April	Begin to deliver draft IRMP Action Plan with caveat that action 2.1 is subject to public consultation.
Early May	Six week consultation period for action 2.1 commences.
Mid to Late June	Analysis conducted by WCC Insight Team and consultation report produced.
Mid September*	Cabinet approve the final version of the IRMP Action Plan, including the outcomes of the consultation for action 2.1.
Mid September*	Publish final version of IRMP Action Plan

*Subject to the quality and quantity of consultation feedback, and more clarity around the time required to analyse and report on the outcomes, there may be opportunity to submit to the July Cabinet.

Background papers

None

	Name	Contact Information
Report Author	AC Dave Pemberton	davepemberton@warwickshire.gov.uk Tel: 01926 423231
Chief Fire Officer	CFO Andy Hickmott	andyhickmott@warwickshire.gov.uk
Joint Managing Director	Monica Fogarty	monicafogarty@warwickshire.gov.uk
Portfolio Holder	Cllr Andy Crump	andycrump@warwickshire.gov.uk

The report was circulated to the following members prior to publication:

Councillors O'Rourke, Chattaway, Boad, Cockburn, Phillips, Singh Birdi, Crump, Shilton, Timms, Fradgley, Roodhouse and Chilvers

Integrated Risk Management Plan (Key Business Plan) 2019/20

IRMP Objective 1: Identify further opportunities to develop collaborative working with other blue light services to enhance efficiency, effectiveness and public safety.			
No	Action	Description	Outcome/Benefit
1.1	Implement a single Fire Control facility with another Fire and Rescue Service.	Our Action Plan in 2017/18 included the same objective, but full exploration of a number of possible options has required us to continue the action into 2019/20.	<ul style="list-style-type: none"> ● Improved efficiencies through collaboration and delivers a financial saving ● Improved operational resilience. ● Supports the efficiency and collaboration pillar of Home Office fire reform agenda.
1.2	Develop a multi-site training delivery model.	Being progressed within the terms of collaborative agreements with West Midlands Fire Service and other partners at sites at Stratford, Coventry and Kingsbury.	<ul style="list-style-type: none"> ● Improved efficiencies through collaboration. ● Improved operational standards, organisational resilience and safety. ● Supports the efficiency and collaboration pillar of Home Office fire reform agenda.

IRMP Objective 2: Continue to review the number, location and resourcing of our fire stations and fire engines.

No	Action	Description	Outcome/Benefit
2.1	Provide an additional fire station within the Rugby area, in line with the WFRS Asset Management Plan.	<p>The requirement for a new fire station to the South of Rugby has been incorporated into the Rugby Borough Council Local Plan, and following public consultation is awaiting formal adoption.</p> <p>The proposed site is near the A45/M45 junction.</p> <p>A full explanation of what we wish to do and why will be provided in a specific piece of public consultation activity in spring 2019.</p>	<ul style="list-style-type: none"> • Identification of the optimum fire station locations that best enhance our response to emergencies, considering the impact of future housing and commercial developments. • Improved performance against our emergency response standards.
2.2	Explore the options for new fire station locations within the Nuneaton and North Warwickshire area, in line with the WFRS Asset Management Plan.	<p>This action is in the very early stages of development, and a full explanation of what we wish to achieve and why will be provided as part of early engagement activity.</p> <p>We will provide more detail around any options we develop in 2020/21, and will consult with the local community accordingly.</p>	<ul style="list-style-type: none"> • Identification of the optimum fire station locations across the Nuneaton, Bedworth and wider North Warwickshire area that best enhance the use of our resources to respond to emergencies, deliver fire prevention activities and consider the impact of future housing and commercial developments. • Greater collaboration with West Midlands Fire Service to provide a more efficient and effective level of emergency response across geographical boundaries.
2.3	Reduce whole time staff by 3 posts by changing crewing and rostering arrangements.	This action will modify staffing and working arrangements to provide improved efficiency without impacting on the level of service provided to the public.	<ul style="list-style-type: none"> • Delivery of a financial saving.

IRMP Objective 3: Maximise the flexibility and utility of our workforce.

No	Action	Description	Outcome/Benefit
3.1	Deliver changes to duty systems, Incident Commander mobilising protocols and organisational management structure to provide the most effective level of service delivery within the available budget.	This action will modify staffing and working arrangements to provide improved efficiency and effectiveness in the level of service provided to the public.	<ul style="list-style-type: none">• A resource model that provides optimum performance and flexibility within the available budget.• A more flexible and efficient use of resources.• An officer mobilising protocol that optimises the skills and experience of middle managers within the Incident Command structure.

IRMP Objective 4: Develop the use of emerging technology.

No	Action	Description	Outcome/Benefit
4.1	Implement the measures required locally to meet the requirements of the national Emergency Services Mobile Communications Programme (ESMCP)	Part of our continuous improvement activity.	<ul style="list-style-type: none">• The provision of a replacement communication system that will ensure that the Fire and Rescue Service can communicate with other blue light services and responding agencies using the latest digital technology.

4.2	Develop and deliver the technology required to provide real-time video footage from incidents	Part of our continuous improvement activity.	<ul style="list-style-type: none"> ● Live video is transmitted via mobile phone/tablet from the incident ground which can be accessed and viewed remotely to improve emergency incident management. ● The use of body worn cameras provides a more efficient and value focused approach to the monitoring of Incident Commanders performance.
4.3	Explore the options for securing a drone capability for use at emergency incidents.	Part of our continuous improvement activity.	<ul style="list-style-type: none"> ● A partnership approach is established that secures the use of aerial footage for emergency incident management.
4.4	Introduce an Automatic Vehicle Location System (AVLS)	AVLS is a GPS tracking system which provides the exact location of fire and rescue vehicles and enables our mobilising system to automatically propose the nearest appropriate resource to send to an emergency.	<ul style="list-style-type: none"> ● Better use of our resources to respond to emergencies Improved performance against our emergency response standards.
4.5	Further develop our understanding of the implications and impacts of the High Speed 2 railway (HS2).	HS2 is the new high speed railway that will be routed through Warwickshire. Although not planned to be opened until 2026, main civil construction work will commence in 2019. We need to plan for and manage any risks within the County associated with construction sites, traffic and transient population etc.	<ul style="list-style-type: none"> ● Plans are in place to minimise the impact of construction of HS2 upon the safety of those living, working and travelling through Warwickshire.

IRMP Objective 5: Use our capacity to improve wider community health and social care outcomes.

No	Action	Description	Outcome/Benefit
5.1	Provide a hospital to home service for vulnerable people.	This action is subject to funding from Public Health and is part of a 3 year strategy to support the Fire and Rescue Service to deliver wider community health and social care outcomes.	<ul style="list-style-type: none"> • Transport people safely to their homes to assist with reducing the pressures and impacts on hospitals who would normally retain those patients for longer than required. This will also provide opportunities for WFRS to deliver fire prevention advice and safe and well checks to those people who need it most.

IRMP Objective 6 (New): Deliver continuous improvement activity as identified through the HMICFRS inspection programme

No	Action	Description	Outcome/Benefit
6.1	Implement and close the improvement plan we developed following the inspection by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) in July 2018.	<p>Our HMICFRS Improvement Plan sets out how we intend to deliver improvements in the areas recommended to us following the inspection. The full action plan is available on our website. Some of the key actions are:</p> <ul style="list-style-type: none"> • Deliver a more effective and efficient risk based building inspection programme and review our approach and readiness to deliver appropriate enforcement activity. • Improve our understanding and appreciation of diversity strategy, training and approach. 	<ul style="list-style-type: none"> • An improvement plan is developed and delivered in line with the outcomes and recommendations of the HMICFRS on-site inspection that took place in July 2018. • The objective of the nationally driven programme is to increase efficiency and effectiveness in Fire and Rescue Services.

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|--|--|---|--|
| | | <ul style="list-style-type: none">● Improve our recruitment outreach activity to better target under-represented groups● Develop our integrated risk management approach to make better use of the general engagement we have with the public.● Increase the use of evaluation of prevention activity.● Determine the effectiveness of our safeguarding strategy, policy and approach and identify gaps and options for change using expert help and best practice.● Ensure we effectively monitor, review and evaluate our collaboration work and approach.● Ensure that our contracts are managed appropriately by those responsible for them. | |
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Cabinet

7 March 2019

Review of Section 75 Partnership Agreement for the provision of integrated mental health services between Warwickshire County Council and Coventry and Warwickshire Partnership NHS Trust

Recommendations

That Cabinet:

- 1) Agrees to a further Partnership Agreement between Warwickshire County Council **and Coventry and Warwickshire Partnership NHS Trust** for the provision of integrated community mental health and social care services for a term of 3 years from 1st April 2019,
- 2) Authorises the Strategic Director, People Group, to enter into the Agreement on terms and conditions acceptable to him and the Joint Managing Director (Resources),
- 3) Expects that the partnership arrangements will be subject to a review at least one year prior to expiry of the Agreement.

1.0 Background

- 1.1 Warwickshire County Council (the Council) and Coventry and Warwickshire Partnership NHS Trust (the Trust) have provided integrated community mental health and social care services under Section 75 of the National Health Service Act 2006 since 2010. The arrangements involve the delegation of specified statutory social care functions to be delivered by the Trust and the secondment of Council staff to the Trust. These are described in schedules 4 and 8 respectively of the proposed Agreement.
- 1.2 Coventry City Council has had a similar arrangement, which has aligned governance arrangements, with the Trust since 2011.
- 1.3 The overall responsibility for the day to day management of the integrated community mental health service rests with the Trust's Associate Director for Mental Health Services. The council retains a Mental Health Management Team directly accountable to the Council which provides social care management and professional support to seconded social care employees and Trust managers delivering social care responsibilities. The operation of

the Partnership is overseen by the Section 75 Strategic Board which has representatives from both the Council and the Trust.

2.0 Review of the existing Partnership Agreement

- 2.1 A detailed review of the Section 75 Partnership Agreement was undertaken in 2017. The purpose of the review was to consider whether the Partnership Agreement should be renewed for a further period and to identify any changes required to improve integrated working, service delivery and alignment with strategic requirements at national and local levels.
- 2.2 The review concluded that there remained a strong commitment from managers and staff to a multi-disciplinary approach to providing health and social care in mental health services and that the service delivery model supported by a formal Section 75 Partnership Agreement continued to provide a more streamlined integrated service to customers and carers than alternative models of co-located services or separately delivered services.
- 2.3 The outcome of the review was reported to Cabinet on 15 February 2018 and Cabinet authorised an extension of the Agreement for one year to develop and implement an action plan to improve integrated working and to update the Partnership Agreement and its schedules.

3. Action plan outcomes

- 3.1 An action plan was developed taking account of the review outcomes and has been implemented by both partners.
- 3.2 The governance of the Partnership arrangements at a strategic and operational level has been strengthened and reflected in the Agreement.
- 3.3 The Section 75 Strategic Board membership has been reviewed and updated. In addition the Strategic Board now includes the Council's Principal Social Worker and Trust's General Manager responsible for the Crisis Home Treatment Teams in addition to the General Manager for Community Mental Health Services.
- 3.4 A Safeguarding Sub Group now formally reports to the Section 75 Strategic Board.
- 3.5 The Agreement and schedules have been revised to reflect the chief social worker for adults' definition of the role of the social worker in mental health services and that work should be allocated accordingly.
- 3.6 The performance scorecard is in the process of being updated to include outcome measures and measures that will enable strategic and operational managers to better assure themselves that the aims and objectives in the

Agreement are being delivered. These will also be updated to include national mental health social care outcome measures when available. The Partnership Agreement enables the performance scorecard to be updated and approved by the Section 75 Strategic Board when required.

3.7 Quality audits have been agreed and will provide the Section 75 Strategic Board with additional measures of how well the social care service is being delivered from within the integrated service.

3.8 The Section 75 Performance and Operations Sub Group will provide the Section 75 Strategic Board with a quarterly report detailing progress against key performance indicators contained in the agreed performance scorecard. The quarterly report will also include information from the agreed quality audits that have been undertaken and will be accompanied by an improvement plan if required.

4.0 Termination

4.1 Termination is covered in the Terms and Conditions of the Agreement.

4.2 Either Partner may terminate the Agreement by giving 6 months written Notice of Termination to the other Partner. This is deemed adequate by both partners to prepare alternative arrangements.

4.3 In the event of breach or unsatisfactory performance, or if other events detailed in the Agreement arise, either Partner may give immediate or a shorter period of notice.

5. Proposal

5.1 The Cabinet is asked to agree to a renewed Partnership Agreement under Section 75 of the National Health Service Act 2006 to provide integrated community mental health and social care services for a period of 3 years from 1 April 2019 to 31 March 2022.

5.2 The Agreement is made up of the main Terms and Conditions which sets out the legal framework and the nature and terms of the partnership and a number of schedules which define the main objectives, resource management, governance and key operational arrangements.

5.3 The financial framework described in the Agreement remains the same with no transfer of Council financial resources to the Trust and there are no financial implications associated with a renewed agreement.

	Name	Contact Information
Report Author	Jas Dhadli	jasdhadli@warwickshire.gov.uk 01926 406743
Assistant Director	Pete Sidgwick	petesidgwick@warwickshire.gov.uk
Strategic Director	Nigel Minns	nigelminns@warwickshire.gov.uk
Portfolio Holder	Councillor Les Caborn	

The report was circulated to the following members prior to circulation:

Local member(s): N/A

Other members: Councillors Roodhouse, Chilvers, Rolfe, Golby, Parsons, Caborn, Chattaway and Redford

Cabinet

7 March 2019

Contract Standing Orders

Recommendation

That the revised Contract Standing Orders attached as an appendix are recommended to Council for approval.

1.0 Background

- 1.1. As a result of the Transformation Programme and changes at Senior Officer level, we have taken the opportunity to consider the Constitution (including Contract Standing Orders). Some changes have been required to ensure there is consistency of terminology and that the Constitution aligns with the new Operating Model. Delegations to Senior Officers have also been reviewed.
- 1.2 The review has not resulted in any changes to the balance between Member and Officer decision making, nor have the Contract Standing Orders as they relate to Members and Committees been altered (save to correct terminology in respect of posts and services and align decisions to the new operating model).
- 1.3 This reports focuses on the proposed changes to the Contract Standing Orders which are also being considered by Audit and Standards Committee and will be put to Council for approval, together with proposed changes to Financial Regulations and Officer (non-executive) delegations.

2.0 Contract Standing Orders

- 2.1 Contract Standing Orders set the minimum requirements to ensure the conduct of the Council's business is compliant with the law and carried out in an ethical way.

2.2 The opportunity has been taken to review Contract Standing Orders (CSOs) to take account of a number of changes. Some internal to the Council such as the officer management structure and the development of a new contract management framework. Others are externally driven by changes in the EU procurement processes to encourage moves towards e-procurement and electronic communications, plus a wish to maximise the use of the Council's electronic tendering system, streamline processes and reduce costs.

2.3 The key changes proposed are

- Threshold for ordinary contracts moving from £50,000 to £100,000
- Change to major contract threshold from £500,000 to £1,000,000 to align with changes to key decision regime previously agreed by Council
- Update of delegated authority table to reflect changes to thresholds
- Requirement to use electronic tendering systems
- Changes in responsibilities of officers to reflect the new officer management structure and the new contract management framework
- Tightened advertising requirements for contract opportunities and awards
- Incorporation of approved disposals by auction scheme

2.4 In the light of previous decision by Council to raise the key decision threshold to £1,000,000 we have reviewed the thresholds for minor, ordinary and major contracts. Previously major contracts have been defined as those required to be processed through the formality of the key decision regime. We consider this connection should remain and that major contracts should be contracts of £1,000,000 or more to align with the new definition. Similarly, the threshold for 'ordinary contracts' should be raised to £100,000. At the ordinary contract level formal tendering is required whereas for Minor Contracts (below £100,000) individuals can seek a minimum of 3 quotes rather than follow a full-blown tendering process. This keeps the process costs down. A lot of the Council's lower value purchases are in any event obtained via call-off arrangements from framework contracts set up by Central Government,

ESPO and other public sector consortia which have been the subject of a competitive tender process.

- 2.5 Over the last 12 to 18 months the Council has been undergoing a transformation and there have been significant changes to the officer structure. From 1 April 2019 the Council will move back to an officer structure, led by a Chief Executive supported by three Directorates each headed by a Strategic Director, and in turn supported by a number of Assistant Directors. In addition, the Council has agreed a new Contract Management Framework to strengthen the arrangements for monitoring contracts post award. We have also reconsidered the balance of responsibilities between the Strategic Directors and Assistant Directors.
- 2.6 Various statutory instruments in 2016 made changes to the EU procurement rules making electronic communication the default position for contracts subject to the EU rules. The Council has a well-developed e-procurement system which can deal with quotes as well as full-blown tendering processes. The previous version of CSOs encouraged electronic communications and tendering and we now consider it is appropriate for electronic communication to be the default position for the Council although it is recognised that some additional work will need to be done with those suppliers who have not yet used the system to encourage and explain how the system operates.
- 2.7 There are various safeguards which have been automatically built into the e - procurement system and this has allowed us to streamline and remove some of the previous requirements in CSOs – for example in relation to receipt of late tenders. The electronic system will not accept late tenders so there is no need to provide additional safeguards/advice within CSOs. Similarly, the receipt and opening of tenders is systematised and allows a safe way of ensuring proper records are kept. The e-procurement process allows for more devolved management of contracting processes due to the automatic safeguards in place.
- 2.8 We have tightened the minimum requirements for advertising opportunities and contract awards to meet the government requirements regarding openness and transparency and the increased requirements under the EU rules.
- 2.9 We have re-organised the section on the Contracting Process to more closely align with the order in which events may occur in a tendering process and also incorporated our scheme for disposals at public auction so that relevant material is in one place.

3.0 Next Steps

- 3.1 Over the next six-month period it is proposed to monitor and review the operation of the Constitution in light of the transformation programme and the implementation of the new operating model.
- 3.2 If further changes are felt to be necessary following that review a further report will be brought to Council in due course.

4.0 Timescales associated with the decision

- 4.1 CSOs will be considered also by Audit & Standards Committee on 7 March 2019. Any views of the Committee will be reported orally to the Cabinet with a view to seeking the approval of Council on 19 March 2019.
- 4.2 If approved by Council it is proposed that the changes take effect from 1 April 2019

Background papers

None

	Name	Contact Information
Report Author	Nichola Vine	nicholavine@warwickshire.gov.uk Tel: 01926 412565
Assistant Director	Sarah Duxbury	sarahduxbury@warwickshire.gov.uk Tel: 01926 412090
Joint Managing Director	David Carter	davidcarter@warwickshire.gov.uk Tel: (01926) 412564
Portfolio Holder	Peter Butlin	cllrbutlin@warwickshire.gov.uk

The report was circulated to the following members prior to publication:

Local Member(s): N/A

Other members: N/A

APPENDIX

Contract Standing Orders

Council rules for buying and supplying goods, works, or services and for disposing of assets

April 2019

CONTENTS

Page

Section A

1	Scope and Purpose	4
2	General Requirements	5
	2.1 Classification and Valuation of Contracts	5
	2.2 Guiding Principles	5
	2.3 Approvals	7
	2.4 Exemptions	9
	2.5 Contract Formalities and Sealing	9
	2.6 Contract Documents	10
	2.7 Record Keeping	10
	2.8 Contract Management, Evaluation and Review	10

Section B

3	Officer Responsibilities	11
	3.1 General	11
	3.2 Contract Managers	11
	3.3 Assistant Directors	12
	3.4 Strategic Directors	12
	3.5 Monitoring Officer and Chief Finance Officer	12
	3.6 Contract Coordinators	13

Section C The Contracting Process

4	Steps Prior to Purchase	13
	Pre-tender Market Research and Consultation	15
	Prevention of Corruption	15
5	Conducting a purchase	15
6	Advertising and Framework Agreements	16
7	Collaborative and Partnership Arrangements	17
8	Setting Standards and Award Criteria	17
9	Invitations to Tender/Quotations	18
10	Submission, Receipt and Opening of Tenders / Quotes	19
11	Clarification Procedures and Post Tender Negotiations	19
12	Evaluation, Award of Contract and Debriefing Tenderers	20
13	Publication of Contract Awards	21
14	Council as Supplier	21
15	Disposals	21
16	Sale of Assets/Goods at Public Auction	22
	Appendices	
	Appendix 1 Definitions	24

SECTION A

For clarity and pursuant to the Constitution of the County Council the role of Chief Finance Officer is executed by the Strategic Director for Resources and the role of Monitoring Officer is exercised by the Assistant Director - Governance and Policy

1 Scope and Purpose

1.1 Contract Standing Orders (CSOs) aim to promote good procurement practice, public accountability, deter corruption and provide protection for staff against allegations of impropriety.

1.2 All procurement and disposal procedures must:

- Achieve best value for money;
- Be consistent with the highest standards of integrity;
- Ensure fairness ~~in allocating public contracts~~;
- Comply with all legal requirements; ~~and~~
- Support the ~~council's~~ Council's corporate aims and policies;
- Comply with corporate policies and strategies and with the decisions of Corporate Board (or other officer boards authorised by Corporate Board), and with any other of the Council's properly constituted boards and committees acting within their jurisdiction ; and
- In relation to procurement of IT equipment, hardware and software specifically must comply with the Digital and ICT strategy and decisions taken by the Digital by Design Board

1.3 _____ A relevant ~~contract~~ Contract for the purposes of CSOs is any arrangement made by, or on behalf of, the ~~council~~ Council for the carrying out of works or for the supply of goods, materials or services, for example:

- _____ • _____ the supply or disposal of goods;
- _____ • _____ hire, rental or lease of goods or equipment; and
- _____ • _____ the delivery of services.

1.4 _____ _____ "Contract" also includes arrangements where the ~~council~~ Council is supplying goods, works or services.

1.5 _____ Contracts must comply with these CSOs, irrespective of the method of funding (e.g. capital, revenue, sponsorship, donations or ~~grant monies~~ grants from a third

party).

1.6 The following contracts are excluded from CSOs:

a. Contracts of employment which make an individual a direct employee of the ~~council~~;

Council;

b. Agreements for the acquisition, disposal, or transfer of land;

c. Contracts entered into by or on behalf of the ~~monitoring officer~~ Monitoring Officer for the appointment of ~~counsel~~ Counsel and/or ~~experts~~ Experts; or

d. Loans to banks or other financial institutions and investments made in accordance with the ~~treasury management strategy~~ Treasury Management Strategy.

~~2.~~ General Requirements

2.1 Classification and Valuation of Contracts

The following classifications apply for the purposes of CSOs:

o Minor contract – total value less than ~~£50~~ £100,000

o Ordinary contract —total value of ~~£50~~ £100,000 or more but below £1,000,000

o Major contract – total value of £1,000,000 or more

The total value of the contract should be calculated in accordance with the most appropriate of the following:-

Fixed

(a) fixed term contracts - the total price expected to be paid during the whole of the contract period, including possible extensions; or

Where

(b) ~~where~~ the contract period is uncertain, multiply the price expected to be paid each month by 48;

(c) If the purchase ~~involves~~ one of a series of ~~separate~~ regular transactions which are unlikely to last for more than 12 months for the same type of item, the '~~total value~~ Total Value' is the expected aggregate value of all of those transactions ~~in~~ over the ~~coming~~ next 12 months.

(d) For feasibility studies, it is the value of the scheme or contracts which may be awarded as a result.

~~A contract manager~~ An Officer **must not** select a method of calculating the ~~total value~~ Total Value in order to ~~minimise~~ avoid the ~~application~~ requirements of these CSOs.

2.2 Guiding Principles

(a) All contracts must be let through a competitive process which meets the requirements of **Section C** unless an exemption has been granted or the arrangement is ~~otherwise authorised~~ permitted by these CSOs.

(b) Adequate resources should be identified to manage the procurement and any contracts awarded

(c) Any contract which exceeds the ~~applicable~~ relevant EU threshold ~~(or replacement threshold set by the UK Government)~~ must comply with any legal requirements ~~imposed by the EU procurement regime in the Public Contract Regulations or any replacement Regulations approved by the UK Government~~

(d) There must be a procurement plan for all ~~major contracts~~ Major Contracts and any contract which exceeds the ~~applicable~~ relevant EU threshold ~~or UK equivalent~~. The procurement plan must be submitted to the ~~head of finance~~ Chief Finance Officer and approved before the procurement process commences.

~~E-tendering and E-procurement is the preferred option over paper based systems.~~ (e) Only approved E-systems should be used and advice should be sought from the ~~strategic procurement manager~~ Head of Procurement on their use. The use of e-procurement technology does not negate the requirement to comply with all elements of these CSOs, ~~particularly those relating to competition and value for money.~~

(f) The following are excluded from the requirement for competition:

i. Purchases made via a ~~local authority~~ purchasing consortium (e.g. ESPO) accessible to local authorities, however, purchases above the *EU Threshold* will only be excluded if the consortium has let their contract in accordance with *EU Procedures* ~~on behalf of the council~~.

ii. Contracts entered into through sub-regional working or collaboration with other ~~local authorities~~ Local Authorities or public bodies, where a competitive process has been followed that complies with the CSOs of the lead organisation ~~will be deemed to comply with these CSOs provided the collaboration has let their contract in accordance with EU Procedures (where applicable)~~.

iii. Collaborative proposals for joint working or shared services with other public ~~authorities~~ bodies which the ~~head of law and governance~~ Monitoring Officer has approved as meeting the following conditions i.e.:-

- The ~~principal activity of the collaborative arrangement is~~ the provision of services back to the participating ~~authorities~~ bodies
- The collaborating public ~~authorities~~ bodies when acting together exercise the same kind of control over the service ~~provision~~ as they would over an in-house service ~~provision~~; **and**
- There is no independent or private sector partner involved in the collaborative arrangement.

for

iv. residential placements ~~sought~~ for an individual with a registered care provider of their choice under the ~~National Assistance~~ Care Act ~~1948~~ 2014, or

~~for personal care services v. Personal Care Services~~ where, in the opinion of the appropriate ~~assistant director~~, Assistant Director, the ~~particular~~ needs of ~~an~~ individual ~~require a~~ specific social care package which is only available from ~~a~~ one provider.

vi. In relation to (iv) and (v) above the ~~assistant director~~ Assistant Director responsible for the delivery of the services must ensure that adequate records are maintained to demonstrate:

- The ~~provider~~ contractor meets the relevant national minimum standards;
 - ~~Appropriate mechanisms for price review are in place~~
- The contract is effectively managed in accordance with the Councils contract management framework
- The reasons for the choice of ~~provider~~ contractor; and

➤ Why these were best possible terms for the ~~council~~Council in the circumstances.

2.3 Approvals

- (a) All contracts must be appropriately authorised in accordance with the ~~council's scheme~~Council's Scheme of ~~delegation~~Delegation before a procurement process (whether to be undertaken by negotiation or competition) is begun or a contract awarded.
- (b) Any proposal to let a contract with an estimated total value of £1,000,000 or more up to £3,000,000 can only be approved by the Deputy Leader, the Leader or Cabinet. See table below.
- (c) Any proposal to let a contract with an estimated total value of more than £3,000,000 can only be approved by either the ~~cabinet~~Cabinet or the ~~leader~~Leader. See table below.
- (d) All contracts should be in written form and once the terms and conditions are agreed should be submitted to the appropriate person for signature. The written formalities should be completed **before** the contract is due to start.
- (e) The table below sets out in more detail the approvals required. They apply equally to contracts that may be awarded through negotiation as they do to those awarded through competition. They also apply to contracts awarded from framework arrangements ~~or select lists~~ including those let using an ESPO ~~etc.~~ framework.
- (f) Any ~~major contract~~Major Contract **must** comply with the key decision regime. ~~In relation to letting major~~ When commissioning Major Contracts ~~contracts~~, the ~~key decision~~Key Decision is the proposal to begin a procurement process for a particular contract.
- (g) The subsequent decision to award the ~~major contract~~Major Contract to a specific contractor will not be a key decision provided the value of the contract does not vary above the original estimated value by 10% or more.

Total Contract Value	Column 1: <u>Authority to start process</u>	Column 2 <u>Contract Terms:</u>	Column 3: <u>Authority to award contract</u>	Column 4 <u>Contract Signing:</u>
Major Contracts More than £3,000,000	Cabinet or leader. <u>Leader</u> This will be a key decision. This authority will also generally give the strategic director. <u>Strategic Director</u> delegated authority to award the contract.	Assistant director governance & policy <u>Monitoring Officer.</u> unless standards <u>standard</u> terms and conditions have already been approved.	Generally covered by column <u>Column</u> 1. If bids exceed the original estimates by 10% or more than <u>then you must</u> report back to leader <u>Leader</u> or cabinet <u>Cabinet</u> before award.	Send to assistant director governance & policy <u>Monitoring Officer</u> for signing / sealing by designated officers. The relevant authority must be provided at the same time.
Major Contracts £1,000,000 or more up to £3,000,000	Relevant portfolio holder. <u>Leader, Deputy Leader or Cabinet.</u> This will be a key decision. This authority will also generally give the <u>strategic director</u> <u>Strategic Director</u> delegated authority to award the contract.	Assistant director governance & policy <u>Monitoring Officer</u> unless standard terms and conditions have already been approved.	Generally covered by column 1. If bids exceed original estimates by 10% or more then report back to Relevant portfolio holder <u>Leader, Deputy Leader</u> or leader <u>Cabinet</u> before award.	Send to assistant director governance & policy <u>Monitoring Officer</u> for signing / sealing by designated officers. The relevant authority must be provided at the same time.
Ordinary Contracts £500,000 or more but below £1,000,000	Strategic director <u>Director</u> or person authorised in writing by the strategic director. <u>him/her</u> . This will be a key decision.	Assistant director governance & policy <u>Monitoring Officer</u> unless standard terms and conditions have already been approved.	Same as column 1. If bids exceed original estimates by 10% or more then report back to Strategic Director. If bids exceed £1,000,000 the key decision regime must be complied with before an award can be made <u>Same as column 1.</u>	Strategic director or person authorised in writing. If over £1,000,000 send to assistant director governance & policy for signing / sealing by designated officers. The relevant key decision record must be provided at the same time. <u>Strategic Director or above</u>
Ordinary Contracts £50 £100,000 or more but below £500,000	Assistant director <u>Director</u> or third tier <u>Third Tier Manager</u> or person authorised in writing by the assistant director. <u>him/her</u>	Assistant director governance & policy <u>Monitoring Officer</u> unless standards <u>standard</u> terms and conditions have already been approved.	Line manager <u>Manager</u> or above of person who starts <u>gave authority to start</u> the process (column 1).	Assistant director <u>Director</u> or above.

<p>Minor Contracts</p> <p>Below £50100,000</p>	<p>Cost centre manager Centr e <u>Manager</u> or above.</p>	<p>Purchase order<u>Order</u> terms can be used unless the contract is for works, software or the services of a consultant, in which case legal or procurement advice must be taken.</p>	<p>Line manager<u>Manager</u> or above of person who start<u>gave authority to start</u> the process (column 1)</p>	<p>Third tier manager <u>Tier 3 Manager, Cost Centre Manager</u> or cost centre manager or above.</p>
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2.4 Exemptions from CSOs

2.4.1— Any requirement of CSOs may be waived with the consent of both the ~~assistant director of finance & ICT~~Chief

Finance Officer and ~~assistant director governance & policy~~the Monitoring Officer subject to any legal restraints.

2.4.2— An application for a waiver (exemption) shall be:

a) submitted on the approved '~~exemption form~~;Exemption Form'

b) set out the reason for requiring the waiver; and

c) show how the proposal complies with any applicable law, demonstrates propriety, value for money and ~~support for~~supports the council's objectives.

2.4.3 — Where an exemption from competition is necessary because of an unforeseeable emergency involving ~~immediate risk to persons, property or serious~~ disruption to ~~council~~Council services the relevant ~~strategic director~~Strategic Director and ~~assistant director~~Assistant Director must submit a report to the ~~assistant director finance & ICT~~Chief Finance Officer and the ~~assistant director governance & policy~~Monitoring Officer as ~~soon as practicable following the event.~~ Any ~~contract entered into for these purposes should be the minimum required to remove the immediate risk to persons or property or to reduce the disruption to~~ ~~council~~Council services to a manageable level.

2.4.4 — In cases of urgency if the contract is likely to exceed £1,000,000 then the urgent key decision regime must be complied with **before** any contract is entered into.

2.5 Contract Formalities and Sealing – Minimum Requirements

2.5.1– Contracts shall be signed by the ~~council~~Council as follows:

Major Contracts: ~~Under~~By affixing the ~~common seal of the council and Council~~ witnessed (signed) ~~by one designated officer~~Designated Officer **OR** ~~where there is no Seal affixed~~ signed ~~by at least two designated officers~~Designated Officers.

Ordinary Contracts: ~~Signed by strategic director or assistant director depending on value.~~

By affixing the common seal of the Council witnessed (signed) by one Designated Officer OR where there is no Seal affixed signed by a Strategic Director or above between £500,000 and £999,999 or by an Assistant Director or above if between £100,000 and £499,999.

Minor Contracts: Signed by ~~cost centre manager~~Tier 3 Manager, Cost Centre Manager or above.

2.5.2– A contract must be sealed where:

- The Council wishes to enforce the contract more than six years after its end;
- The price paid or received under the contract is nominal and does not reflect the value of the goods or services;

2.5.3 All contracts must be concluded formally in writing before the supply, service or construction ~~work begins, except in exceptional circumstances, and then only~~ with the written consent of the ~~assistant director governance & policy~~Monitoring Officer.

~~2.5.3-4~~ The ~~contract manager~~Authorised Officer is responsible for securing signature of the contract and must ensure that the person signing for the other contracting party has authority to enter into a legal agreement.

~~2.5.4~~ A contract must be sealed where:

- ~~The council wishes to enforce the contract more than six years after its end;~~
- ~~The price paid or received under the contract is nominal and does not reflect the value of the goods or services.~~

2.6 Contract Documents

2.6.1– All ~~contracts~~Contracts, irrespective of value, shall clearly specify:

- What is to be supplied; ~~– the specification~~
- The price to be paid and when;
- Appropriate performance indicators
- Clear dates and times for performance; and
- Liquidated damages and termination provisions.

2.6.2– The terms and conditions of all ~~contracts~~Contracts must have been approved by the ~~assistant director governance & policy~~Monitoring Officer either as a standard form contract for particular types of matters or through a specific approval.

2.7 Record Keeping

~~2.7– Contract managers~~ The Authorised Officer shall ensure that the following records are kept: in the Councils Contract Management System.

(a) Successful ~~tenders~~Tenders/Quotes - The contract and any relevant correspondence and records (e.g. any documents which might have a bearing on the way the contract is interpreted) for at least 6 years after contract comes to an end. If made as a deed / under seal they must be kept forever.

(b) Un-successful ~~or late~~tenders/Quotes – for at least 2 years from the date the contract starts.

2.8 Contract Management, Evaluation and Review

All contracts must be managed in accordance with the Councils contract management framework

2.8.1–~~Contract managers should, for~~ For all ~~ordinary~~Ordinary and ~~major~~contracts: Major Contracts,

- ~~Maintain~~ An up to date ~~- risk registers~~ register should be maintained throughout the procurement ~~process~~ - and during the life of the contract ~~periods~~;
- ~~Undertake appropriate risk assessments~~;
- For identified risks, ~~ensure~~ appropriate actions ~~are~~ should be put in place to manage them.
- And~~There~~ should ~~regularly monitor~~ be regular monitoring and ~~report~~reports

during the contract period on:

- performance;
- compliance with programme, specification, terms and contract conditions;
- estimated final cost compared to budgets;
- any value for money requirements; and
- user satisfaction and risk management.

~~2.8.2 In relation to all major contracts the contract manager must carry out the project management role or appoint a named person to carry out that role. The contract manager is responsible for ensuring that role is carried out effectively. The contract manager must prepare a business case at the outset. Adequate resources to manage such contracts, for their entirety, must be identified in the business case. If the business case is approved the contract manager must prepare a procurement plan and submit it for approval to the assistant director finance & ICT.~~

~~2.8.3 Where a major contract is to be re-let, the information required by CSO 2.8.1 above, should be made available to the relevant assistant director early enough to enable lessons learnt to be identified and inform the approach to re-letting the contract.~~

~~3. 2.8.2 Before commencing any procurement for a Major Contract or a contract above EU thresholds the following steps must be completed~~

- ~~○ A lessons learnt report should be considered to inform the tendering process~~
- ~~○ A business case must be approved.~~
- ~~○ A procurement plan must be approved by the Chief Finance Officer.~~

Section B Officers' Responsibilities

3.1 General

~~3.1.1.4~~ **All Officers and any agents or consultants acting on their behalf must comply with these CSOs, financial regulations, the Code of Conduct and with all legal requirements. They must also comply with codes of practice, guidance and instructions regarding contractual arrangements issued by the assistant director finance & ICT and assistant director governance & policy. Chief Finance Officer or Monitoring Officer.**

3.1.2 **All Officers** must comply with the Code of Conduct and must not invite or accept any gift or reward in respect of the award or performance of any contract. It will be for the officer to show that anything received was not received corruptly. High standards of conduct are obligatory. Corrupt behaviour is a crime and will lead to disciplinary proceedings and possible dismissal. Gifts and Hospitality should only be accepted in accordance with the Gifts and Hospitality policy.

~~3.2. **Contract managers**~~
~~must in relation to contracts for which they are~~ **1.3 Authorised Officers** (those

responsible: for conducting a procurement process) must

~~Ensure~~a) ensure they have all appropriate approvals before seeking any quotes ~~or tenders, commencing any procurement process~~ or awarding a contract;

~~Seek~~b) seek all necessary legal, procurement, financial, risk management and technical advice in good time; ~~and~~

~~Ensure~~ c) ensure there is sufficient budgetary provision before awarding any contract-

~~Comply~~d) comply with the requirements of these CSOs and observe any codes of practice guidance or instructions relating to contracting matters issued by the ~~assistant director governance & policy and assistant director finance & ICT~~Monitoring Officer or Chief Finance Officer ;

~~Ensure~~e) ensure there is a procurement plan approved by the ~~assistant director finance & ICT~~Chief Finance Officer for major contracts and contracts above the applicable EU threshold-

~~f. Carry out the project management role or appoint a person to do so in relation to any major contract.~~

~~Check~~f) check whether a suitable ~~corporate contract~~ Corporate Contract exists before seeking to let a new contract. Where a suitable ~~corporate contract~~Corporate Contract exists that contract must be used;

~~Ensure council~~g) ensure Council suppliers have sufficient insurance cover appropriate to the contract in accordance with the ~~council's~~Council's insurance guidance;

~~Maintain~~h) maintain details of all ~~ordinary and major~~ contracts they are responsible for in the ~~contracts management system~~Contracts Management System;

~~Ensure~~i) ensure a record is kept for every ~~ordinary and major~~ contract of ~~the method for obtaining bids; any contracting decision~~ any Contracting Decision and the reasons for it; any exemption from CSOs together with the reasons for it; and ~~the award criteria~~any Award Criteria;

~~Ensure~~j) ensure that where an employee of the ~~council~~Council or its contractor may be affected by any transfer arrangement TUPE and related issues are considered before proceeding with inviting ~~tenders~~Tenders or quotations.

~~3.3~~ **Strategic directors**

2 Contract Managers must in relation to ~~their~~ directorate:

- ~~a. Nominate at least one member of their staff as the contracts *co-ordinator* for their directorate;~~
- ~~b. Submit the scheme of delegation for their respective directorate, including details of *contract managers* and their *contracts co-ordinators*, to the *assistant director governance & policy* and *assistant director finance & ICT* for approval;~~
- ~~c. Any delegation made does not prevent the strategic director from exercising those delegated powers his/herself.~~

~~Ensure all assistant directors and *contract co-ordinators within their directorate* they are sufficiently skilled in procurement matters to fulfil the duties of their post. responsible for carry out their responsibilities in accordance with the Contract Management Framework~~

3.43 Assistant Directors

must in relation to their ~~service~~ Service:

a) Ensure all ~~contract managers~~: officers

- Comply with CSOs;
- Are sufficiently skilled in procurement matters to fulfil the duties of their post;
and
- Complete any required learning and development.

~~b. Ensure the List of *contract managers* is maintained up to date and sent to the *assistant director governance & policy*;~~

b) Ensure there are effective systems in place to control budgets properly;

~~d. Ensure all major contracts have a named person to carry out the project management role for the entirety of the contract and that a business cases is prepared at the outset;~~

~~e. Ensure there are appropriate arrangements in place for the safekeeping of tenders until the appointed time of opening;~~

c) Ensure there are effective contract management arrangements in place for all ordinary and major contracts; and

contracts

~~g.-d) Provide any information requested by the assistant director finance & ICT and assistant director governance & policy regarding their contracts.~~

~~3.5 Strategic Director for Resources, Assistant Director Chief Finance & ICT and Assistant Director Governance & Policy Officer or the Monitoring Officer about their contracts.~~

~~3.5.1-4 Strategic Director for Resources~~

~~The strategic director for resources may exercise any of the powers and responsibilities of the assistant director finance & ICT and assistant director governance & policy Directors must in relation to contract standing orders except where he/she is not allowed to do so by law. their Directorate~~

~~3.5.2 The assistant director finance & ICT and assistant director governance & policy must report quarterly to the strategic director for resources relating to contracting matters and compliance with these contract standing orders and must provide any other information which he/she requests.~~

~~a) Nominate at least one member of their staff as *Contracts Co-ordinator*~~

~~b) Submit the scheme of delegation for their respective Directorate, including details of *Contract Managers* and their *Contracts Co-ordinators*, to the Monitoring Officer and Chief Finance Officer for approval;~~

~~Any delegation made does not prevent the Strategic Director from exercising those delegated powers his/herself.~~

~~c) Approve any proposals by their Directorate to provide services to external organisations~~

~~d) Ensure all Assistant Directors and *Contract Co-ordinators within their Directorate* are sufficiently skilled in procurement matters to fulfil the duties of their post.~~

~~3.5 Monitoring Officer and Chief Finance Officer~~

~~3.5.3 *Chief Finance Officer* and the Monitoring Officer may~~

~~(a) 3 The assistant director finance & ICT and assistant director governance & policy may:~~

~~with the consent of each other waive any provision of these CSOs subject to any legal constraints and may nominate other officers to exercise all or part of these powers on their behalf.~~

~~(b) Issue codes of practice, guidance and instructions on any matters which are relevant to contracting arrangements.~~

~~(c) Specify the approved learning and development requirements in procurement~~

matters that ~~officers~~Officers must complete to meet the minimum competency standards to fulfil their duties under CSOs.

3.5.4— ~~The assistant director finance & ICT may~~Chief Finance Officer shall

~~Veto the inclusion of any contractor in a contractor's list; or~~

(a) Approve procurement ~~plans for major contracts and contracts above the~~ applicable EU threshold.

3.5.5— The ~~assistant director governance & policy~~Monitoring Officer shall:

(a) Approve the form of contract to be used;

(b) Maintain central registers of all major contracts and all contracts completed under seal and arrange for the safekeeping of such contracts on ~~council~~Council premises; and

(c) Maintain a central register of all exemption applications relating to contracts ~~of £50~~
£100,000 or more.

3.6 ~~Contract~~ Co-ordinators

shall, on behalf of their ~~director~~Directorate

a) Ensure details of ~~all ordinary and major~~ contracts are accurately recorded and maintained in the ~~contracts management system~~Contracts Management System;

b) Be authorised to approve exemptions from undertaking a competitive process for minor contracts;

c) Submit ~~an annual report by 31 March each year to the assistant director governance & policy~~ Monitoring Officer detailing any exemptions that they have approved.

Section C

The Contracting Process

This section sets out in more detail the requirements to be met when dealing with a specific contract.

4. Steps Prior to Purchase

4.1 Before beginning a purchase, ~~contract managers~~Authorised Officers must:

- a) Assess the need for the expenditure;
- ~~b)~~ Define the objectives of the purchase;
- ~~c)~~ Calculate the ~~total value~~Total Value;
- ~~d)~~ Make sure that ~~the~~ appropriate ~~authority~~approval is in place to start the process and that the budget covers the whole-life financial commitment being made (including any consultant's or other external charges or fees);
- ~~e)~~ Make sure the ~~forward plan~~Forward Plan requirements have been followed where the purchase is a ~~key decision~~Key Decision;
- ~~f)~~ Ensure sufficient legal, procurement, finance, risk management and technical support is available throughout the entire procurement process;
- ~~g)~~ Ensure sufficient resources will be available (i.e. people with sufficient skills and capacity) to manage the contract once it has been let;
- ~~fh)~~ Ensure the ~~purchase is a major contract~~Council's requirements for data security and the General Data Protection Regulations are met
- ~~i)~~ Consider when commissioning services whether these could improve the economic, social and environmental wellbeing of the area (social value)

~~4.2~~ For Major contracts or contracts above the ~~applicable~~relevant EU threshold ~~submit~~

- ~~i.~~ Consider a lessons learnt report from the last tender process
- ~~ii.~~ Produce a business case for approval by the appropriate body
- ~~iii.~~ Submit a fully completed procurement plan for approval by the ~~assistant director finance & ICT~~Chief Finance Officer

~~4.2~~ Contract managers must:

- ~~ii-iv.~~ Where no suitable corporate contract exists ~~carry~~Carry out an options appraisal to decide the best way to achieve the purchasing objectives, including internal or ~~external~~ ~~sourcing~~, ~~partnering~~, and ~~collaborative~~ procurement arrangements with another public authority or government department;
- ~~iii-v.~~ Consult users where appropriate about the proposed procurement, contract standards, performance and user satisfaction monitoring;
- ~~vi.~~ Consult the market where appropriate in accordance with CSO 4.3
- ~~iv-vii.~~ Assess the risks and how to manage them;

v.viii. Agree with the ~~assistant director governance & policy~~ Monitoring Officer, the approved form of contract to be used or if none ~~for the type of purchase~~ the terms and conditions that are to apply to the proposed contract; ~~and~~

~~e. Set out these matters in writing and create an entry in the contracts management system for all ordinary and major contracts.~~

Pre-Tender Market Research and Consultation

4.3 ~~Contract managers~~ Authorised Officers may ~~consult~~ potential ~~suppliers~~ prior ~~to~~ the ~~issue~~ of ~~an invitation~~ Invitation to ~~tender in general terms~~ Tender about the nature, level and standard of the supply, contract packaging and other relevant matters. Records must be kept of this consultation.

4.4 ~~Contract managers~~ Authorised Officers ~~must not~~ once any consultation period under 4.3 has ended seek ~~or~~ accept ~~technical~~ advice ~~on~~ the preparation of ~~an invitation~~ the actual Invitation to ~~tender~~ Tender or ~~quotation~~ Quotation from anyone who may have a commercial interest in bidding for the contract as this may prejudice the equal treatment of all potential ~~tenderers~~ Tenderers and distort competition.

Prevention of Corruption

4.5 The following clause must be included in every ~~council~~ Council contract:

"The ~~council~~ Council may terminate this contract and recover all its loss if the ~~contractor~~ Contractor, its employees or anyone acting on the ~~contractor's~~ Contractor's behalf do any of the following things:

(a) Offers, gives or agrees to give to anyone any inducement or reward in respect of this or any other ~~council~~ Council contract (even if the ~~contractor~~ Contractor does not know what has been done); or

(b) Commits an offence under the Bribery Act 2010 or s117(2) of the Local Government Act 1972; or

(c) Commits any fraud in connection with this or any other ~~council~~ Council contract whether alone or in conjunction with ~~council~~ Council members, contractors or employees.

Any clause limiting the ~~contractor's~~ Contractor's liability shall not apply to this clause".

~~5. Advertising and Framework Agreements~~

~~5.1 Advertising and assessing potential tenderers~~

~~5.1.1 The minimum advertising requirements are:~~

- ~~• All contracts above £50,000 must be published on the council's website.~~
- ~~• All contracts exceeding the applicable EU threshold must be published in Official Journal of the European Union (OJEU)/Tenders Electronic Daily (TED).~~

~~Advertisements for contracts exceeding the applicable EU threshold should not appear on the council's website until after they have appeared in the OJEU Journal.~~

~~5.1.2 Within reasonable costs contract managers should seek to maximise publicity to encourage competition. Examples of where further advertisements may be appropriate include portal websites specifically created for contract advertisements e.g. contract finder or national official journals.~~

~~5.1.3 Contract managers are responsible for ensuring that all tenderers for a contract are suitably assessed. The assessment process shall establish that all potential tenderers have sound economic and financial standing and sufficient technical ability and capacity to fulfil the requirements of the council.~~

~~5.2 Framework Agreements~~

~~5.2.1 The term of a framework agreement must not exceed four years without the written consent of the assistant director governance & policy. Also, an agreement must not be concluded with only two providers (i.e. it must be with either one or three or more providers) unless more than two were sought but only two met the award criteria.~~

~~5.2.2 Contracts based on framework agreements may be awarded by either:~~

- ~~• Applying the terms laid down in the framework agreement (where such terms are sufficiently precise to cover the particular call off) without reopening competition; or~~
- ~~• Where the terms laid down in the framework agreement are not precise enough for the particular call off, by holding a mini competition in accordance with the following procedure:~~

- ~~• Inviting the organisations within the framework agreement who are capable of delivering the contract to submit written tenders;~~
- ~~• Fixing a time limit which is sufficiently long to allow tenders for each specific contract to be submitted, taking into account factors such as the complexity of the subject of the contract;~~
- ~~• Awarding each contract to the tenderer who has submitted the best tender on the basis of the award criteria set out in the specifications of the framework agreement; and~~
- ~~• Observing the standstill period before finalising the award for contracts above the EU threshold.~~

6. Conducting a Purchase ~~or Disposal~~

65.1 Purchasing – Competition Requirements

65.1.1—Where the ~~total value~~Total Value for a purchase is within the values in the first column below, the ~~award procedure~~Award Procedure in the second column must be followed as a minimum.

Total Value	Award Procedure
Minor -- up to £10,000	One oral quotation <u>Quotation</u> confirmed in writing.
Minor - £10,000 to below £50 <u>£100,000</u>	Three written quotations <u>Quotations</u> of which <u>at least one</u> should be local if appropriate. Local means has a place of business in Warwickshire.
Ordinary & Major £50 <u>£100,000</u> or more	Invitation to tender <u>Tender</u> to at least three tenderers <u>Tenderers</u> . <i>If the contract value exceeds the applicable EU threshold the procedure must also be EU compliant.</i>

65.1.2— Where ~~the an~~ EU ~~Procedure~~compliant procedure (or UK replacement procedure) is required the ~~contract manager~~Authorised Officer shall consult the ~~head~~Head of ~~procurement~~Procurement to determine the method of conducting the purchase.

65.2 The Appointment of Consultants to Provide Services

65.2.1— Professional ~~consultants~~Consultants are subject to the same competition requirements as any other type of contract and must be selected and commissions awarded in accordance with these CSOs.

65.2.2— The engagement of a ~~consultant~~Consultant shall follow the agreement of a brief that adequately describes the scope of the services to be provided, the total cost to be paid and any stage payment arrangements. The engagement shall also be subject to completion of a contract of appointment. Self-employed consultants must not fall within the off-payroll working rules i.e. IR35.

6

5.2.3— Records of consultancy appointments shall be maintained in accordance with these CSOs: and entered on the Contract Management System

65.2.4 -Consultants shall be required to provide evidence of, and maintain professional indemnity insurance policies to the satisfaction of the ~~council's insurance manager~~Council's Insurance Manager for the periods specified in the respective

agreement.

6. Advertising and Framework Agreements

6.1 Advertising the Opportunity

6.1 The minimum advertising requirements are

- All contracts with an estimated aggregate value above £100,000 must be published on the Council's website and in Contracts Finder
- In addition to the above all contracts exceeding the applicable EU threshold must be published in the Official Journal of the European Union (OJEU) or meet any replacement UK requirement
- Advertisements for contracts exceeding the relevant EU threshold should not appear on the Council's website or in Contracts Finder until after they have appeared in the OJEU.
- If you choose to advertise contracts below £100,000 you must also advertise on Contracts Finder

6.2 Framework Agreements

6.2.1 The term of a Framework Agreement must not exceed four years without the written consent of the *Monitoring Officer*.

6.2.2 Contracts based on framework agreements may be awarded by either

- Applying the terms laid down in the framework agreement (where such terms are sufficiently precise to cover the particular call-off) without reopening competition; **or**
- Where the terms laid down in the framework agreement are not precise enough by holding a mini competition in accordance with the following procedure:
 - Inviting the organisations within the framework agreement who are capable of delivering the contract to submit written tenders;

~~7. The Council as Fixing a Supplier – Providing Works, Goods or Services to External Organisations~~

~~7.1 The *assistant director finance & ICT* and *assistant director governance & policy* must be consulted where contracts to work for organisations other than the council are contemplated.~~

~~7.2 *Contract managers* shall produce robust business cases for the council acting as a supplier time limit which fully takes into account the costs to the council of delivering the goods, works or services concerned. The financial viability of such business cases must be approved by the *assistant director finance & ICT*.~~

~~7.3 Contract managers shall liaise with the council's insurance manager to ensure any potential liabilities are is sufficiently covered by the council's insurance policies.~~

~~7.4 Where the total value of the proposed long to allow tenders for each specific contract is likely to be £1,000,000 or more the key decision regime applies **and before** tenders are prepared the assistant director finance & ICT and assistant director governance & policy must jointly approve the business case including:~~

~~o Confirming the council can legally enter into to be submitted, taking into account factors such as the complexity of the subject of the contract; and~~

~~b. Accepting Awarding each contract to the legality of tenderer who has submitted the charging arrangements; and~~

~~c. Approving best tender on the terms and conditions basis of the proposed contract.~~

~~8. Disposal of Assets~~

~~8.1 Assets for disposal must be sent to public auction except where:~~

~~a. Better value for money is likely to be obtained by inviting quotations or tenders; or~~

~~o The prior approval of award criteria set out in the assistant director finance & ICT and assistant director governance & policy has been obtained to the selling of specified items on an auction website such as eBay; or framework agreement.~~

~~c. Specific disposal procedures have been agreed by the council for certain types of assets.~~

~~o 9 Observing a standstill period before finalising the award for contracts above the EU threshold.~~

7. Collaborative and partnership arrangements

~~9~~

~~7.1 In order to secure value for money the ~~council~~Council may enter into collaborative procurement arrangements. The ~~contract manager~~Authorised Officer must consult the ~~assistant director governance & policy~~Monitoring Officer and ~~head~~the Head of ~~procurement~~Procurement where the purchase is to be made using collaborative procurement arrangements.~~

~~97.2 Collaborative and partnership arrangements include joint working where one partner takes the lead and awards contracts on behalf of the other partners, long term collaborative partnerships, pooled budgets and joint commissioning.~~

~~97.3 Collaborative arrangements between public authoritiesbodies for shared services where the aim of the arrangement is for the participating authoritiesbodies~~

to be provided with services by each other or through a *Teckal* company rather than by an external provider may fall outside the need for competition if the conditions in CSO 2.2(e) (iii) can be met.

~~10.~~

~~8~~ **Setting Standards and Award Criteria**

~~108.1~~ ~~1~~ The ~~contract manager~~ Authorised Officer must, before seeking ~~prices~~ bids, define ~~selection~~ the Selection and ~~award criteria~~ Award Criteria that are appropriate to the purchase and designed to secure an outcome giving value for money for the ~~council~~. ~~The basic criterion shall be:~~ Council.

8.1.2 Authorised Officers are responsible for ensuring that all Tenderers for a contract are suitably assessed. The assessment process shall establish that all potential Tenderers have sound economic and financial standing and sufficient technical ability and capacity to fulfil the requirements of the Council.

- ~~i.~~ 8.1.3 The criterion for award of a contract shall be the "most economically advantageous" (where considerations other than price also apply);
~~ii.~~ "lowest price" where payment is to be made by the council; or
~~iii.~~ "highest price" if payment is to be received.

~~If the first criterion is adopted, it". This~~ must be further defined by reference to sub-criteria which may refer only to relevant considerations. These may include price, service, quality of goods, running costs, technical merit, previous experience, delivery date, cost effectiveness, quality, relevant environmental considerations, aesthetic and functional characteristics (including security and control features), safety, after-sales services, technical assistance, social value and any other relevant matters.

~~108.2~~ Selection and ~~award criteria~~ Award Criteria must not include:

~~>~~ Non-commercial considerations Commercial Considerations; or

~~>~~ matters which discriminate against suppliers from the *European Economic Area* or signatories to the *Government Procurement Agreement*.

~~108.3~~ ~~Any shortlisting~~ Shortlisting exercise must have regard to the financial and technical standards relevant to the contract and the ~~selection~~ Selection and ~~award criteria~~ Award Criteria.

~~10.4~~ ~~Full details about the scoring of a pre-qualification questionnaire (PQQ), including any weighting and sub-criteria, must be made known to suppliers, as must any "pass mark" for the PQQ. Suppliers should be given details if an unsatisfactory answer to any PQQ questions may lead to exclusion, irrespective of the score on the rest of the PQQ.~~

~~10.5 As soon as reasonably practical, the contract manager must notify those tenderers who are eliminated at the pre-qualification (selection) stage of a shortlisting process. The letter needs to give reasons why the tenderer was unsuccessful.~~

~~11.~~

9 Invitations to Tender / Quotations

~~11~~

~~9.1 All invitationsInvitations to tenderTender or quotationQuotation must:~~

~~a) _____ Specify the goods, service or works that are required, together with the terms and conditions of contract that will apply; and.~~

~~b) _____ State that the councilCouncil is not bound to accept any quotationQuotation or tenderTender.~~

~~11c) Include a reference and link to the Council's Whistleblowing Code.~~

~~9.2 — All tenderersTenderers invited to tenderTender or quoteQuote must be issued with the same information at the same time and subject to the same conditions. Any supplementary information must be given on the same basis.~~

~~119.3_ All invitationsInvitations to tenderTender shall include:~~

~~a) _____ Clear instructions on how and where tendersTenders are to be submitted, together with the date and time by which they are to be received;~~

~~b) _____ A specification that describes the council'sCouncil's requirements in sufficient detail to enable the submission of competitive offers;~~

~~c) _____ A description of the award procedure and, unless defined in a prior advertisement, Award Procedure ;~~

~~d) _____ Full details of about how the award bids will be assessed including any weighting and sub-criteria in objective termsthat apply and any "pass mark" for any stage of the procurement;~~

~~d. An outline of the method by which any arithmetical errors discovered in the submitted tenders are to be dealt with. In particular, whether the overall price prevails over the rates in the tender or vice versa; and~~

~~_____ e) _____ Information on the council'sCouncil's policies and requirement on: as appropriate e.g.:~~

~~i. _____ Equalities;~~

ii. Complaints;

- ~~i. Sustainable procurement;~~
- ~~ii. Public interest reporting code (whistle-blowing);~~
- ~~iii. Business continuity;~~
- ~~iv. Risk; and~~
- ~~v. Special contract arrangements where contracts are awarded to sheltered workshops.~~

44

iii. Sustainability

~~9.4~~ — ~~All~~ invitations~~Invitations~~ to ~~tender~~Tender shall state that any ~~tender~~Tender received after the date and time stipulated in the ~~invitation~~Invitation to ~~tender~~Tender might be rejected and not considered.

~~119.5~~ All invitations~~Invitations~~ to ~~tender~~Tender shall include requirements for ~~tenderers~~Tenderers to:

- ~~a)~~ Declare that the tender content, price or any other figure or particulars concerning the tender have not been disclosed by the ~~tenderer~~Tenderer to any other party (except where such a disclosure is made in confidence for a necessary purpose e.g. legal, financial advice etc); and
- ~~b)~~ Complete fully and sign ~~all tender documents including~~ a form of tender and certificates relating to canvassing and non-collusion.
- ~~c)~~ Submit ~~tenders~~Tenders to the ~~council~~Council on the basis that they are compiled at the ~~tenderer's~~
Tenderer's expense.

~~119.6~~ — ~~An~~ The Councils approved ~~E-tendering~~ system ~~should~~must be ~~used~~ in ~~preference to any paper based arrangement for all competitive procurement activity unless agreed otherwise by the Head of Procurement or otherwise approved by these CSOs~~

~~119.7~~ — No tender will be considered unless submitted in accordance with the ~~requirements of the e-tendering system. If a paper based system is being used tenders should be enclosed in sealed envelope or container which bears~~Conditions of Participation included within the word 'Tender' followed by the contract reference number and subject to which it relates but no other name or mark indicating the sender.~~Invitation to Quote/Tender~~

42

10. Submission, Receipt and Opening of Tenders

~~4210.1~~ ~~_____~~ Tenderers must be given an adequate period in which to prepare and submit a ~~tender~~Tender, consistent with the complexity of the contract. The *EU Procedure* lays down specific time periods.

~~4210.2~~ All ~~tenders~~Tenders must be returned:

~~In accordance with the system requirements of an electronic tendering system, the Council's approved jointly by the assistant director finance & ICT and assistant director governance & policy (electronic tender process); or E Tendering system~~

~~b. To the respective assistant director or his/her nominee in a plain sealed envelope or container which bears the word 'Tender' followed by the contract reference number and subject to which it relates but no other name or mark indicating the sender (paper tender process).~~

~~10.3~~ Tenders received by fax or other electronic means (e.g. email) must be rejected. Quotations for ~~minor contracts~~Minor Contracts under £10,000 may be received by email.

~~12.3~~ Assistant directors are responsible for the safekeeping of ~~tenders~~ until the appointed time of opening. Each ~~tender~~, immediately on receipt, must be:

~~a. Suitably marked to indicate the date and precise time it was received (an approved electronic tendering system will automatically log these details);~~

~~b. Recorded in a tender record log, so as to provide a separate record of the precise time and date it was received (an approved electronic tendering system will automatically log these details); and~~

~~c. Adequately protected to guard against amendment of its contents.~~

~~d. Tenders returned via an approved electronic tendering system will automatically satisfy the requirements of (a),(b) and (c) above.~~

~~4210.4~~ ~~_____~~ Assistant directors must ensure that all ~~tenders~~ All Tenders are opened at the same session after the period for their submission has ended. ~~Tenders~~ must be opened in the presence of at least two officers. ~~In relation to major contracts one of the officers must be the assistant director governance & policy or his/her representative unless the tenders are returned via an approved electronic tendering system.~~

~~4210.5~~ ~~_____~~ Tenders returned via an approved electronic tendering system will automatically satisfy the requirements of CSO 12.6.

~~12.6~~ Upon opening the tenders, a summary of the main terms of each ~~tender~~ must be recorded on a tender Opening Control Sheet. Each ~~officer~~ must sign and date the tender Opening Control Sheet. The ~~officers~~ opening the ~~tenders~~ must sign the total price page. Where the prices are not contained in a single page or where other pages contain relevant pricing

information (e.g. hourly or discounted rates), all relevant pages containing pricing information must be signed.

~~12.7~~ The arithmetic in compliant ~~tenders~~Tenders must be checked. If arithmetical errors are found they should be notified to the ~~tenderer~~Tenderer, who should be requested to confirm their ~~tender~~. ~~If the rates in the tender, rather than the overall price, were stated within the tender invitation as being dominant, an amended tender price may be requested to accord with the rates given by the tenderer.~~Tender.

~~12.8~~ ~~Tenders received after the date and time stipulated in the invitation to tender should normally be rejected unless there are exceptional circumstances and may only be considered with the approval of the assistant director governance & policy.~~

~~13.~~

11 Clarification Procedures and Post-Tender Negotiations

~~1311.1~~ ~~_____~~ Providing clarification of an ~~invitation~~Invitation to ~~tender~~Tender to potential or actual ~~tenderers~~Tenderers or seeking clarification of a ~~tender~~Tender whether in writing or by way of a meeting is permitted.

~~1311.2~~ ~~_____~~ However, discussions with tenderers after submission of a ~~tender~~Tender and before the award of a contract with a view to obtaining adjustments in price, delivery or content (i.e. post tender negotiations) **must be the exception** rather than the rule. In particular, such negotiations must not be conducted ~~in~~during an EU Procedure (other than within the provisions of the EU negotiated Competitive With Negotiation (CWN) and ~~competitive dialogue~~Competitive Dialogue (CD) procedures) without the agreement of the ~~assistant director governance & policy~~Monitoring Officer.

~~13~~

~~11.3~~ ~~_____~~ If post tender negotiations appear necessary after a single stage tender or after the second stage of a two stage tender then you should take legal advice on whether negotiations are permissible. Normally such negotiations should be undertaken with all those who have met the selection criteria in the original process. During negotiations, the ~~council's~~Council's requirements set out in the original procedure should not be substantially altered. The prior approval of the ~~assistant director governance & policy~~Monitoring Officer is required to any proposal to negotiate in other circumstances.

14.12 Evaluation, Award of Contract and Debriefing Tenderers

~~1412.1~~ ~~_____~~ Apart from the debriefing required or permitted by these CSOs, the confidentiality of ~~quotations, tenders~~Quotations, Tenders and the identity of ~~tenderers~~Tenderers must be preserved at all times and information about one ~~tenderer's~~Tenderer's response must not be given to another during the evaluation process.

~~1412.2~~ Quotations and ~~tenders~~Tenders must be evaluated in accordance with the ~~award criteria~~Award Criteria.

During this process, ~~contract managers~~ Authorised Officers shall ensure that

submitted tender prices are compared with any pre-tender estimates and that any significant differences are examined and resolved satisfactorily.

~~1412.3~~ ~~Where the total value is £50,000 or more, contract managers~~ For Ordinary and Major Contracts, Authorised Officers must advise all ~~tenderers~~Tenderers in writing of their award decisions. For contracts that are subject to the ~~EU~~ Procedure or UK replacement Procedure, this must be in the form of intention to award letters (award notification letters) that are issued simultaneously to all ~~tenderers~~Tenderers advising them of the intention to award the contract to the successful ~~tenderer~~Tenderer and providing them with a 'standstill period' of at least 15 days (10 days if notification letters are sent by ~~fax or electronic means~~via the Councils approved E tendering system) in which to challenge the decision before the contract award is confirmed.

~~1412.4~~ ~~Award~~ For contracts that are subject to the EU Procedure or UK replacement procedure, the Councils 'intention to award notification ~~letters~~letter' standard template must ~~include~~be used which includes the following debriefing information, ~~and no additional details should be given without taking the advice of the assistant director governance & policy.~~ -

i. How the award criteria were applied;

ii. The name of the successful ~~tenderer~~Tenderer(s);

iii. The ~~score/price~~ of the ~~tenderer~~Tenderer, together with the ~~score/price~~ of the successful ~~tenderer~~Tenderers;

iv. Details of the reason for the decision, including the characteristics and relative advantages of the successful ~~tender~~Tenders; and

v. Confirmation of the date before which the ~~council~~Council will not enter into the contract (i.e. the date after the end of the 'standstill period').

~~1412.5~~ ~~If a decision is challenged by an unsuccessful ~~tenderer~~Tenderer, after the issue of an intention to award notification letter, then the ~~contract manager shall not award the contract but~~Authorised Officer shall immediately inform the ~~assistant director finance & ICT~~Chief Finance Officer and seek the advice of the ~~assistant director governance & policy~~Monitoring Officer on next steps. No contract may be awarded until the Chief Finance Officer and the Monitoring Officer are satisfied that the matter has been resolved.~~

~~1412.6~~ ~~Assistant directors~~Authorised Officers shall ensure that ~~contracts~~all the contract formalities are ~~awarded by completion~~completed following the award of the contract ~~formalities.~~ (See CSO 2.5)

13 Publication of Contract Awards

13.1 The award of all contracts over £5,000 must be published via the Councils contract management system

13.2 In addition the award of all contracts over £25,000 must be published on contracts finder

13.2 In addition the award of contracts above the relevant EU threshold must be published in OJEU

14. The Council as a supplier - providing works, goods or services to external organisations

14.1 The *Chief Finance Officer* and the *Monitoring Officer* must be consulted where work for an external organisation is contemplated.

14.2 Any proposals to work for an external organisation must be approved by the *Strategic Director* responsible for the service either through a business plan or otherwise.

14.3 *Authorised Officers* shall produce robust business cases for the Council acting as a supplier which fully takes into account the costs to the Council of delivering the goods, works or services concerned. The financial viability of such business cases must be approved by the *Chief Finance Officer*.

14.4 *Authorised Officers* shall liaise with the Council's Insurance Manager to ensure any potential liabilities are sufficiently covered by the Council's insurance policies.

14.5 Where the *Total Value* of the proposed contract is likely to be £1,000,000 or more the key decision regime applies **and before** tenders are prepared the *Chief Finance Officer* and the *Monitoring Officer* must jointly approve the business case including:

- a) Confirming the Council can legally enter into the contract;
- b) Accepting the legality of the charging arrangements; and
- c) Approving the terms and conditions of the proposed contract.

15. Disposals

15.1 Assets for Disposal must be sent to public auction except where:

- a) Better value for money is likely to be obtained by inviting Quotations or Tenders or
- b) The prior approval of the Chief Finance Officer and the Monitoring Officer has been obtained to the selling of specified items on an auction website such as eBay, or
- c) Specific disposal procedures have been agreed by the Council for certain types of Assets

16. Approved Scheme for Sale of Assets/Goods via Public Auction

16.1. Goods or assets may be disposed of via public auction, whether through electronic auctions such as ebay or otherwise, without further specific consent being sought provided the following conditions are met

- (a) The Council owns the item and has the right to sell it.
- (b) Appropriate market research has been carried out to establish the estimated value of the item
- (c) The estimated value of the item to be auctioned does not exceed £10,000
- (d) A reasonable reserve price is set for the item based on the estimated value
- (e) The item is withdrawn from sale if it does not reach its reserve price
- (f) The item is in good working condition and fit for purpose, and complies with relevant legislation, in particular;
 - i. Any electrical item bears a valid Electrical Safety Check label, completed by a registered electrician who is registered on the Kite Mark Scheme, the Electrical Safety Register or the Electric Safe Register. The date of the inspection on the label must not be more than 12 months prior to the date of sale
 - ii. Any item of furniture complies with the Furniture and Furnishings (Fire Safety) Regulations 2010. Any item of furniture, with the exception of mattresses and bed bases, will have a permanent label in compliance with the Regulations.
 - iii. Any computer or data storage device is adequately wiped of data, to ensure that no information, particularly personal data remains on the device.
- (g) When an item is disposed of, any listing or description of it must NOT give any indication that the Council provides any guarantee for the product or any promise to make good any defects. All items are to be carefully and truthfully described in detail and any known defects highlighted.

ITEM IS SOLD AS IS: SELLER DISCLAIMS ANY WARRANTY AS TO MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR DESIGN

(h) A record of the steps taken under (a) to (g) is kept for a period of 2 years

16.2. Applications for approval of the disposal of goods/assets by auction which do not meet the above conditions should be made using the relevant exemption form i.e.

(a) An item with an estimated value of up to £100,000 to the Directorate Contract Co-ordinator

(b) An item with an estimated value of £100,000 or more to the Monitoring Officer and Chief Finance Officer

GUIDANCE NOTES

An individual purchasing goods at auction without the opportunity to inspect the goods may still have consumer rights i.e. that the goods -

- Are of a satisfactory quality
- Do what they are designed to do
- Are as described, matching any pictures or descriptions of them
- Are safe, under the Consumer Protection Act 1987

Other matters to be aware of

- Misrepresentation of goods - A customer is entitled to a refund on goods that have been misrepresented, for example, goods sold on the basis of features they do not have. Prosecution can also follow, if the misrepresentation is reported to Trading Standards.
- Faulty goods - It is the Council's responsibility to arrange for the collection of faulty goods, particularly large items. If a customer returns faulty goods within a reasonable time, the Council is obliged to give a refund, and not a credit note. If a repair of a faulty good is unsatisfactory, a customer is still entitled to a refund.
- Time to check goods –on-line auctions - Customers have the right to the time to check they are satisfied with their goods, though this can be just a week

Definitions Appendix

"Agent"	A person or organisation acting on behalf of the council <u>Council</u> .
"Contract Managers" <u>Authorised Officer</u>	Those officers authorised by their strategic directors to carry out the day to day activities required to let and manage a contract. <u>An officer responsible for conducting a procurement</u>
"Award Criteria"	The criteria by which the successful quotation <u>Quotation</u> or tender <u>Tender</u> is to be selected. (see further CSO 10 <u>12</u>)
"Award Procedure"	The procedure for awarding a contract as specified in CSO 14. _____
"Tenderer"	Any person who asks or is invited to submit a quotation or tender.
"Code of Conduct"	The ' Officers' <u>Officers</u> Code of Conduct' (see part <u>See Part</u> 4 section 4 of the council's constitution <u>).</u> <u>Constitution</u>)
"Consultant"	Someone engaged for a specific length of time to work to a defined project brief with clear outcomes to be delivered, and who brings specialist skills or knowledge to the role.
"Contracting Decision"	Any of the following decisions: <ul style="list-style-type: none"> • withdrawal of invitation<u>Invitation</u> to tender<u>Tender</u> • whom to invite to submit a quotation<u>Quotation</u> or tender<u>Tender</u> • Shortlisting • award of contract • any decision to terminate a contract.
"Contracts Co-ordinator"	Officers nominated by strategic directors <u>the Strategic Directors</u> in accordance with CSO 3. 6 <u>7</u> as the point of contact within their directorate for matters relating to procurement and contracting, and who are authorised to grant exemptions from competition for minor contracts.
"Corporate Contract"	A contract entered into directly by the council <u>Council</u> that can be utilised by all assistant directors <u>Assistant Directors</u> for the supply of the goods, works or services specified within its terms. Also, a contract which the head of finance <u>Chief Finance Officer</u> has confirmed may be legally utilised by the council <u>Council</u> either through a sub-regional collaborative arrangement, or through purchasing organisations such as the Government Procurement Service (formerly OGC Buying Solutions) and ESPO. <u>Crown Commercial Services (CCS) ESPO, SCAPE etc..</u>
<u>Contract</u>	<u>Those officers carrying out post award management of the</u>

<u>Managers</u>	<u>contract in accordance with the contract management framework.</u>
"Designated Officer"	The chief executive, the strategic director <u>Chief Executive, Strategic Director</u> for resources <u>Resources</u> and any other officer authorised by either or both of them-
"ESPO"	The Eastern Shires' Purchasing Organisation-
"EU Procedure"	The procedure required by the EU <u>or UK replacement</u> where the total value <u>Total Value</u> exceeds the EU <u>Threshold or any UK replacement</u> threshold-
"EU Threshold"	The contract value at which the EU public procurement directives <u>or UK replacement procedure</u> must be applied-
"Forward Plan"	The <u>forward plan, which is prepared on a rolling basis and contains matters which the council</u> <u>Council</u> has reason to believe are likely to be the subject of key decisions during the following four months.
"Framework Agreement"	An agreement between one or more contracting authorities and one or more economic operators, the purpose of which is to establish the terms governing contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged.
" Assistant Director <u>Chief Finance & ICT</u> " <u>Officer</u>	The Assistant <u>officer to whom the statutory role is delegated (currently Strategic Director Finance & ICT</u> <u>Resources</u> or his/her specified nominee-)
" Assistant Director Governance & Policy " <u>Monitoring Officer</u>	The <u>The officer to whom the statutory role is delegated (currently Assistant Director Governance & Policy or his/her specified nominee-)</u>
"Invitation to Tender"	An invitation <u>Invitation</u> to tender <u>Tender</u> sent to tenderers <u>Tenderers</u> inviting bids for works goods or services-
<u>Key Decision</u>	<u>Decisions that are defined as Key Decisions in the Constitution</u> In relation to letting contracts, the key decision <u>Key Decision</u> is the proposal to let a contract for a particular type of work. The subsequent decision to award the contract to a specific contractor will not be a key decision provided the value of the

	contract does not vary above the estimated amount by more than 10% for contracts with a value of £1,000,000 or more.
"Major Contract"	A contract <u>Contract</u> that has a total value <u>Total Value</u> of £1,000,000 or more.
"Minor Contract"	A contract <u>Contract</u> where the total value <u>Total Value</u> is less than £50 <u>£100</u> ,000.
"Non-Commercial Considerations"	<p><u>(a) _____ the terms and conditions of employment by contractors of their workers or the composition of, the arrangements for the promotion, transfer or training of or the other opportunities afforded to, their workforces ("workforce matters");</u></p> <p><u>(b) _____ whether the terms on which contractors contract with their sub- contractors constitute, in the case of contracts with individuals, contracts for the provision by them as self-employed persons of their services only;</u></p> <p><u>(c) _____ any involvement of the business activities or interests of contractors with irrelevant fields of Government policy;</u></p> <p><u>(d) _____ the conduct of contractors or workers in industrial disputes between them or any involvement of the business activities of contractors in industrial disputes between other persons ("industrial disputes");</u></p> <p><u>(e) _____ the country or territory of origin of supplies to, or the location in any country or territory of the business activities or interests of, contractors;</u></p> <p><u>(f) _____ any political, industrial or sectarian affiliations or interests of contractors or their directors, partners or employees;</u></p> <p><u>(g) _____ financial support or lack of financial support by contractors for any institution to or from which the authority gives or withholds support;</u></p> <p><u>(h) _____ use or non-use by contractors of technical or professional services provided by the authority under the</u></p>

	<p><u>Building Act 1984 or the Building (Scotland) Act 1959.</u></p> <p><u>Workforce matters and industrial disputes, as defined in paragraphs (a) and (d), cease to be non-commercial considerations for the purposes of s17(5) Local Government Act (LGA) 1988 and part 1 of the LGA 1999 (Best Value); or where there is a transfer of staff to which the Transfer of undertakings (Protection of Employment) Regulations 2006 (“TUPE”) may apply.</u></p>
<u>Officer</u>	<u>A person employed by the Council</u>
<u>Ordinary Contract</u>	<u>A Contract where the Total Value is £100,000 or more but is less than £1,000,000.</u>
<u>Pecuniary Interest</u>	<u>Any direct or indirect financial interest. An indirect interest is distinct from a direct interest in as much as it is not a contract to which the member or employee is directly a party. A shareholding in a body not exceeding a total nominal value of £1,000 or 1% of the nominal value of the issued share capital (whichever is the greater) is not a pecuniary interest for the purposes of these CSOs</u>
<u>Personal Care Services</u>	<u>Services provided to people who have personal care needs as assessed by the Strategic Director for People. As such these Services can be provided to people of all ages whose needs may result from old age, physical disability, sensory loss, mental illness or learning disability.</u>
<u>Quotation</u>	<u>A quotation of price and any other relevant matter (without the formal issue of an Invitation to Tender)</u>
<u>Relevant Contract</u>	<u>A contract to which these Contract Standing Orders apply (see CSO 1</u>

<u>Selection Criteria</u>	<u>The criteria by which Tenderers are chosen to be invited to submit Quotations or Tenders</u>
<u>Shortlisting</u>	<u>The process of selecting Tenderers who are to be invited to submit Quotations or Tenders or to proceed to final evaluation as part of a Restricted, Competitive with Negotiation or Competitive Dialogue Procedure</u>
<u>Teckal company</u>	<u>A company which meets particular legal requirements relating to its ownership and activities i.e. wholly public sector owned and its main business is providing services to its members. Take legal advice on whether or not a proposal meets the requirements.</u>
<u>Tender</u>	<u>A Tenderer's proposal submitted in response to an Invitation to Tender.</u>
<u>Tenderer</u>	<u>Any person who asks or is invited to submit a Quotation or Tender</u>
<u>Total Value</u>	<u>As defined in CSO 2.1</u>
<u>TUPE</u>	<p>whether the terms on which contractors contract with their sub-contractors constitute, in the case of contracts with individuals, contracts for the provision by them as self-employed persons of their services only; <u>Transfer of Undertakings (Protection of Employment) Regulations 2006 [SI2006 No.246]</u></p> <p><u>Subject to certain conditions, these regulations apply where responsibility for the delivery of works or services for the Council are transferred from one organisation (e.g. private contractor, local authority in-house team) to another (e.g. following a 'contracting-out' or competitive tendering process) and where the individuals involved in carrying out the work are transferred to the new employer. These regulations seek to protect the rights of employees in such transfers enabling them to enjoy the same terms and conditions, with continuity of employment, as existed with their former employer. Broadly, TUPE regulations ensure that</u></p>

	<u>the rights of employees are transferred along with the business.</u>
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(c) any involvement of the business activities or interests of contractors with irrelevant fields of government policy;	
	(d) the conduct of contractors or workers in industrial disputes between them or any involvement of the business activities of contractors in industrial disputes between other persons ("industrial disputes");
	(e) the country or territory of origin of supplies to, or the location in any country or territory of the business activities or interests of, contractors;
	(f) any political, industrial or sectarian affiliations or interests of contractors or their directors, partners or employees;
	(g) financial support or lack of financial support by contractors for any institution to or from which the authority gives or withholds support;
	(h) use or non-use by contractors of technical or professional services provided by the authority under the Building Act 1984 or the Building (Scotland) Act 1959.
	Workforce matters and industrial disputes, as defined in paragraphs (a) and (d), cease to be non-commercial considerations for the purposes of s17(5) Local Government Act (LGA) 1988 and part 1 of the LGA 1999 (Best Value); or where there is a transfer of staff to which the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE") may apply.
"Officer"	A person employed by the council.
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"Personal Care Services"	Services provided to people who have personal care needs as assessed by the strategic director for people. As such these services can be provided to people of all ages whose needs may result from old age, physical disability, sensory loss, mental illness or learning disability.
"Quotation"	A quotation of price and any other relevant matter (without the formal issue of an invitation to tender).
"Relevant Contract"	A contract to which these contract standing orders apply (see CSO 1).
"Selection Criteria"	The criteria by which tenderers are chosen to be invited to submit quotations or tenders.
"Shortlisting"	The process of selecting tenderers who are to be invited to submit quotations or tenders or to proceed to final evaluation.
"Teckal company"	A company which meets particular legal requirements relating to its ownership and activities i.e. wholly public sector owned and its main business is providing services to its members. Take legal advice on whether or not a proposal meets the requirements.
"Tender Record Log"	The logs kept by heads of service to record details of tenders received (see CSO 12).
"Tender"	A tenderer's proposal submitted in response to an invitation to tender.
"Total Value"	As defined in CSO 2.1.
"TUPE" Transfer of Undertakings (Protection of Employment) Regulations 2006 [SI2006 No.246]	Subject to certain conditions, these regulations apply where responsibility for the delivery of works or services for the council are transferred from one organisation (e.g. private contractor, local authority in-house team) to another (e.g. following a 'contracting out' or competitive tendering process) and where the individuals involved in carrying out the work are transferred to the new employer. These regulations seek to protect the rights of employees in such transfers enabling them to enjoy the same terms and conditions, with continuity of employment, as existed with their former employer. Broadly, TUPE regulations ensure that the rights of employees are transferred along

with the business.