

## CODE OF FINANCIAL MANAGEMENT

**1. FINANCIAL RESPONSIBILITIES****1.1 General**

Before any proposal that materially affects the Council's financial position is made the body or person(s) responsible for making that decision shall consider a written report, approved by the Corporate Director, Commerce and Technology, detailing the financial implications.

**1.2 The Council**

Will be responsible for ensuring that financial management is adequate and effective and reviewing annually the effectiveness of the systems of internal control.

Will determine the Council's Financial Strategy, including a Medium Term Financial Plan (MTP), approve the Council Tax Base, decide the Prudential Indicators, approve the Annual Budget and final accounts and set the level of Council Tax.

**1.3 The Cabinet**

Will propose to the Council the Financial Strategy, Medium Term Financial Plan, Prudential Indicators and the Annual Budget after appropriate consultation, which will include the Overview and Scrutiny Panels.

Will set financial priorities, allocate and re-allocate resources, monitor and review financial performance, adopt a Treasury Management Policy and Annual Strategy.

**1.4 Overview and Scrutiny Panels**

Will contribute to the development of and review the effectiveness of the Council's Financial Strategy, Medium Term Financial Plan and Annual Budget.

**1.5 Panels or Committees**

Will ensure that all decisions within their remit are made within the resources allocated within relevant Service Financial Plans and are consistent with achieving the Council's objectives. If they wish to make proposals that will require additional resources these will need to be subject to the Cabinet or Council making these available.

**1.6 Members and Employees**

Will contribute to the general stewardship, integrity and confidence in the Council's financial affairs and comply with this Code and any systems, procedures, or policies relating to the financial management of the Council.

Specifically, they shall bring to the attention of the Director of Commerce and Technology any act or omission that is contrary to the provisions of this Code

or the maintenance of high standards of financial probity and provide information or explanation on matters within their responsibility to him/her, the Monitoring Officer, Internal Audit Service or the Council's external auditors.

Any Member or Officer who is involved or who has an interest in a transaction between a third party and the Council shall declare the nature and amount, if material, in accordance with the Accounting Standards Body's Financial Reporting Standard no. 8.

1.7 **The Director of Central Services, as Monitoring Officer** or in his absence the Head of Legal and Estates

Will report to the Council on any proposal, decision or omission that in his view is likely to result in the contravention of the law or any code of practice enacted under it, fails to comply with a legal duty, represents maladministration or is unjust, in accordance with section 5 of the Local Government and Housing Act 1989.

For these purposes he/she shall have full and unrestricted access to all Council assets, systems, documents, information, employees and Members.

1.8 **The Director of Commerce and Technology, as Chief Finance Officer** or in his absence the Head of Financial Services

Will be responsible for the proper administration of the Council's financial affairs, prescribe appropriate financial systems, protocols, procedures and policies, maintain an internal audit and report to the Council in the event of a decision or action leading to unlawful expenditure, a loss or deficiency or an unlawful accounting entry (in accordance with section 151 of the Local Government Act 1972, section 114 of the Local Government Act 1988 and the Accounts and Audit Regulations).

Will be responsible for ensuring the final accounts are completed and published by the statutory dates and reporting the details of any material amendments required by the external auditor to the Council.

For these purposes he/she shall have full and unrestricted access to all Council assets, systems, documents, information, employees and Members.

1.9 **The Head of Financial Services**

Will be responsible for detailed and operational aspects of the administration of the Council's financial affairs on behalf of the Director of Commerce and Technology, approving new financial systems and undertaking such duties as are set out in this Code.

1.10 **Chief Officers and Heads of Service**

Will be responsible for the proper financial management of the services and functions under their control and for establishing, maintaining and documenting adequate systems of internal control and financial monitoring, in consultation with the Internal Audit Service, and ensuring that relevant employees or Members are familiar with such systems.

They may incur financial commitments and liabilities in accordance with this Code, the Council's Scheme of Delegation and resources allocated in Service Financial Plans.

Will be responsible for providing in a timely manner, the information necessary to ensure that the final accounts can be completed by the statutory deadlines.

They are responsible also for reviewing and varying fees and charges annually for services under their control to reflect service objectives and Council policies.

#### **1.11 Internal Audit**

Will be responsible for providing an independent and objective opinion on internal control, risk management and governance systems. In accordance with its terms of reference it shall undertake audit reviews that focus on areas of greatest risk to the Council in accordance with a programme agreed annually by the Director of Commerce and Technology after consultation with Heads of Service.

For these purposes internal audit shall have full and unrestricted access to all Council assets, systems, documents, information, employees and Members.

#### **1.12 Financial Limits**

All financial limits included in this Code shall be updated by the most recently published annual increase in the RPI index on the 1<sup>st</sup> April each year and then rounded up to the next £100. The amended limits will be circulated as an Annex to this Code.

### **2. FINANCIAL AND SERVICE PLANNING**

#### **2.1 In the Summer - Overall Review**

The Cabinet shall review the financial performance of the Council in the previous year, compared with the Annual Budget on the basis of a report prepared by the Head of Financial Services in conjunction with Heads of Service.

#### **2.2 In the Autumn - Financial Strategy**

The Cabinet, after consultation with the Overview and Scrutiny Panels and appropriate organisations and bodies, shall recommend to the Council a Financial Strategy which will be used to determine the overall financial limits within which the Annual Budget (financial plan) and MTP will be prepared.

#### **2.3 In the Winter - Annual Budget and MTP**

The Cabinet shall, after consultation with the Overview and Scrutiny Panels, recommend to the Council a draft Annual Budget for the next financial year and a MTP for the succeeding four years, incorporating both capital and revenue expenditure, which is consistent with corporate and service strategies and the Financial Strategy.

The Cabinet shall, after consultation with the Overview and Scrutiny Panels, recommend to the Council a final Annual Budget, MTP and Council Tax level which reflects any variations to the draft figures already reported. This Budget will include the allocation of resources to individual services and capital projects.

#### **2.4 In the Spring - Service Financial Plans**

Following approval of the Annual Budget each Head of Service shall update their Service Plan(s) to incorporate a Service Financial Plan, which details variations in the level of fees and charges and how the resources allocated will be used to meet service objectives in the forthcoming year.

### **3. CONTROLLING FINANCIAL PLANS**

#### **3.1 Increases and Commitments to Expenditure in Future Years**

Commitments to expenditure beyond the current budget year may be made by a relevant Head of Service provided they are -

- ◆ consistent with the achievement of service objectives,
- ◆ compatible with the Council's Financial and other relevant Strategies, and
- ◆ can be met from their current budget level taking account of any already approved variations in subsequent years (this excludes MTP bids starting in future years as they are subject to annual review before inclusion in the budget)

If the Head of Service has any concerns about their proposal meeting these requirements they must consult the Head of Financial Services.

Where a Head of Service proposes to take advantage of grants from other organisations, or some other form of cost sharing, whereby they will be able to deliver additional or improved services, consistent with their Service Plan, without creating any current or future commitment to additional net expenditure they may do so subject to having first -

- ◆ Informed the Head of Financial Services of the details
- ◆ Consulted the relevant executive councillor(s) if the proposal exceeds £20,000 revenue or £50,000 capital in any one year.

Proposals for increases to the total allocated to Service Financial Plans in the current year (Supplementary Estimates) and their impact in future years may be approved by the Cabinet subject to the revenue impact not exceeding £300,000 in aggregate in any financial year. The impact of such approvals will be included in appropriate financial reports within the budget/MTP process and once Council have noted these items the Cabinet's limit will be re-set. This limit excludes any items funded from the contingency budget as described in the following paragraph.

The Director of Commerce and Technology, may authorise the use of the contingency budget subject to the item complying with the approved guidelines and following consultation with the relevant executive councillor(s).

In all other cases the approval of the Council will be required.

## 3.2 Budget Transfers

The transfer of resources between budgets is supported where it will make it more likely that the Council will achieve its service objectives and targets or enhance value for money. There do however need to be some limitations to ensure executive councillor, Cabinet and Council are aware of any significant changes.

The Council has two types of budget. The first, service budgets, are defined for this purpose as the lowest level of detail supplied to the Council when they approve the annual budget. The Annex to this Code provides the list for 2004/05 and the services which are listed within each Service Grouping. The breakdown of an approved Service Budget into specific elements of income and expenditure is initially determined by the relevant Head of Service and can be varied at any time subject to him/her first consulting the Head of Financial Services.

The other type of budget is a Management Unit and this groups together the employee and ancillary costs for each section of employees before they are allocated to the service budgets they are providing support to. Each Head of Service will have responsibility for a number of these Management Units.

A Head of Service may approve a budget transfer between the Management Units that they are responsible for providing it is consistent with achieving service objectives and compatible with the Council's Financial and other relevant Strategies. The Head of Financial Services shall be notified of the detail of any budget transfer.

Chief Officers may approve budget transfers between services within a Service Grouping and the Management Units that their Heads of Service are responsible for providing it is consistent with achieving service objectives and compatible with the Council's Financial and other relevant Strategies. The Head of Financial Services shall be notified of the detail of any budget transfer.

Budget transfers **between** Service Groupings, Capital schemes or between the Management Units of different Directorates, where this will not preclude the achievement of service objectives, may be approved by the Director of Commerce and Technology after consultation with the Executive Councillors for Finance and the relevant service(s) so long as they do not exceed the following limits:

- ◆ **Revenue** - £20,000 or 10% of any budget involved, whichever is the lower. Any previously approved transfers in the same year relating to those budgets shall be aggregated for determining whether the limit has been exceeded.
- ◆ **Capital** - £50,000 or 10% of any capital budget involved, whichever is the lower. Any previously approved transfers in the same year relating to those budgets shall be aggregated for determining whether the limit has been exceeded.
- ◆ Such transfers shall be reported to the Cabinet for information in the next budget monitoring report.

**Cabinet** may approve budget transfers of up to:

**Revenue** £100,000 or 15% of any budget involved, whichever is the lower

**Capital** £150,000 or 15% of any budget involved, whichever is the lower

Any previously approved transfers in the same year relating to those budgets shall be aggregated for determining whether the limit has been exceeded.

In all other cases the approval of the **Council** will be required.

### 3.3 **Re-phasing of Expenditure**

The re-phasing of expenditure between years may be made by the relevant Head of Service, following consultation with the Head of Financial Services, providing that it is consistent with service objectives and compatible with the Council's Financial and other relevant Strategies.

In all other cases the approval of the Cabinet will be required.

### 3.4 **Price Changes**

Variations to the totals in the Financial Strategy, the Medium Term Financial Plan and Service Financial Plans due to price changes will be determined by the Head of Financial Services after consultation with relevant Heads of Service.

### 3.5 **Project Appraisals**

All proposals for budget changes contained in the MTP will require a project appraisal, in a format approved by the Chief Officers' Management Team, to be approved by the Cabinet before the scheme can commence, unless the Head of Financial Services considers that the item is of a technical nature.

### 3.6 **Financial Monitoring**

The financial performance of the Council will be reviewed by the Cabinet quarterly on the basis of monitoring statements prepared by the Head of Financial Services in conjunction with Heads of Service.

The financial performance of each service and capital project will be reviewed by Chief Officers quarterly on the basis of monitoring statements prepared by Heads of Service in conjunction with the Head of Financial Services.

Heads of Service will ensure that relevant executive councillors are regularly informed of the progress in delivering approved MTP schemes.

## 4. **CASH AND CREDIT MANAGEMENT**

### 4.1 **Banking**

The Director of Commerce and Technology is responsible for all Council banking arrangements and shall maintain account(s) with an appropriate bank(s) with a credit rating equivalent to 'Long Term AA' or better in the data

published by Fitch IBCA. All transactions, whether income or expenditure, shall be dealt with through the Council's bank account(s).

#### 4.2 **Income**

All employees receiving money (including cash, cheques, credit card payments etc.) must comply with the relevant procedures issued by the Head of Revenue Services to ensure that the sums are properly recorded, receipted and banked.

The Head of Revenue Services shall manage a debt collection service on behalf of the Council and all sums due must be registered by raising an invoice on the Council's Financial Management System or some other system or procedure approved by the Head of Revenue Services.

#### 4.3 **Loans**

All borrowing will be undertaken by the Head of Financial Services in accordance with the Code of Practice for Treasury Management in Local Authorities, published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Council's Treasury Management Policy and Annual Strategy Statement.

A report shall be submitted to the Cabinet prior to the start of each financial year so it can recommend to the Council the maximum borrowing limits for the forthcoming financial year.

#### 4.4 **Investments**

Investments shall be made by the Head of Financial Services in accordance with the Prudential Code for Capital Finance in Local Authorities published by CIPFA, the Council's Treasury Management Policy and Annual Strategy Statement either directly or by utilising external fund managers.

Periodic reports shall be submitted to the Cabinet on Treasury Management and by 31<sup>st</sup> October each year an annual report shall be submitted on activities in the last financial year.

#### 4.5 **Payments**

Payments due to external suppliers of goods and services must be made through the Council's Financial Management System and in accordance with the payments procedures of that system.

### 5. **ACCOUNTING PROCEDURES**

5.1 The Council will follow the best practice guidance contained in the Accounting Code of Practice and other relevant publications produced by CIPFA in the preparation and maintenance of its accounts.

#### 5.2 **Statement of Accounts**

The annual Statement of Accounts shall be presented to the Cabinet for approval within the prescribed statutory timescale.

### 5.3 **Records**

Each Head of Service is responsible for maintaining records of financial transactions and commitments and employee time, in forms agreed with the Head of Financial Services, and for ensuring that all financial transactions are properly recorded in the appropriate financial period and to an appropriate account within the Council's Financial Management System.

### 5.4 **Retention of Documents**

Documents required for the verification of accounts, including invoices, shall be retained in a retrievable format for six years or such other time that is specified by the Head of Financial Services.

### 5.5 **Contingent Liabilities**

Any Officer who is aware of a material and outstanding contingent liability shall notify the Head of Financial Services who shall include details in the Council's accounts or in a Letter of Representation to be presented to the Council's external auditors in respect of those accounts.

### 5.6 **Stock**

Where a formal stock account is used in connection with any service the relevant Head of Service shall ensure that a certified stock-take is carried out in the last week of March each year and, records of receipt and issue of all stock are maintained throughout the year in a manner agreed with the Head of Financial Services.

### 5.7 **Insurance**

The Head of Financial Services shall obtain insurance to protect or minimise the Council's potential losses from risks including those to employees, property, equipment and cash. Any decision not to insure significant risks must be based on a detailed risk assessment.

### 5.8 **Write-off of Irrecoverable Debts**

The Head of Revenue Services, or in his/her absence the Head of Financial Services, is authorised to write-off debts with an individual value of up to £2,500, or of a greater amount after consultation with the executive councillor responsible for finance, having taken appropriate steps to satisfy himself/herself that the debts are irrecoverable or cannot be recovered without incurring disproportionate costs.

A summary report detailing debts written-off shall be submitted to the Cabinet quarterly.



## **6. ASSETS**

### **6.1 Definition**

An asset is an item of land, building, road or other infrastructure, vehicle or plant, equipment, furniture and fittings or information and communications technology, (hardware and software) with a life exceeding one year.

### **6.2 Capital Expenditure**

The purchase or improvement of any asset will normally be treated as capital expenditure. However expenditure of less than £10,000, or £5,000 in the case of vehicles, plant and equipment, will not normally be treated as capital expenditure unless the Head of Financial Services considers it is in the Council's interests to do so.

### **6.3 Asset Register**

All assets for which the purchase has been treated as capital expenditure will be included in the Council's asset register.

### **6.4 Acquisition**

Assets shall only be acquired if provision is included in a Service Financial Plan or as a result of specific approval by the Cabinet. The purchase of assets must be in accordance with the procedures specified in the Council's Code of Procurement having regard to the value of the asset.

The relevant Head of Service shall inform the Head of Financial Services within 10 working days of the acquisition of an asset which meets the definition for capital expenditure.

### **6.5 Leases**

Finance and Operating leases are to be used only if they are in the Council's financial interest and with the approval of the Head of Financial Services.

### **6.6 Control of Assets**

Each Head of Service is responsible for ensuring that the assets relating to their services are properly safeguarded, managed and maintained and used only to achieve the Council's objectives. This will include establishing and maintaining appropriate security, control systems and records. They will need to consult relevant officers in relation to specialist items and, where vehicles are concerned, the officer holding the Council's Operating Certificate who has specific statutory responsibilities.

### **6.7 Disposal of Assets**

The sale of assets must be in accordance with the procedures specified in the Council's Code of Procurement having regard to the current value of the asset.

The relevant Head of Service shall inform the Head of Financial Services within 10 working days of any disposal of an asset included in the Asset Register.

#### 6.8 **Valuations**

Assets will be re-valued at five yearly intervals by an appropriately qualified person according to the type of asset. Where appropriate, interim valuations will be recorded on the Asset Register by reference to a suitable index.

<b>SERVICES WITHIN SERVICE GROUPINGS</b>
--

<b>Refuse Collection</b>
Domestic Refuse Refuse Policy Trade Refuse
<b>Recycling</b>
Recycling Kerbside Collections Recycling Policy Recycling Sites Green Waste
<b>Street Cleansing &amp; Litter</b>
Fly Poster/Graffiti Removal Litter Control Street Cleansing Operations Street Cleansing Policy Weed Control
<b>Drainage &amp; Sewers</b>
Internal Drainage Boards Septic Tanks & Nightsoil Watercourses
<b>Public Conveniences</b>
Public Conveniences
<b>Environmental Health</b>
Abandoned Vehicles Air Quality Animal Welfare Burials Under Health Acts Caravans And Camping Contaminated Land Eh Health & Safety Energy Efficiency Environmental Health General Food Safety Health Promotion Nuisances Pest Control Private Housing Eh Travellers

<b>Development Control</b>
<ul style="list-style-type: none"> <li>Advice</li> <li>Alconbury Appeal</li> <li>Appeals</li> <li>Application Processing</li> <li>Dev Control Panel</li> <li>Enforcement</li> <li>Environmental Assessment</li> <li>S106 Agreements Administration</li> </ul>
<b>Building Control</b>
<ul style="list-style-type: none"> <li>Bc Advice</li> <li>Bc Applications</li> <li>Bc Best Value Review</li> <li>Bc Promotion &amp; Enforcement</li> <li>Sustainable Construction</li> </ul>
<b>Planning Policy &amp; Conservation</b>
<ul style="list-style-type: none"> <li>Biodiversity Action Plan</li> <li>Cambs Historic Churches Trust</li> <li>Cambs Sub Region Infr</li> <li>Conservation Management</li> <li>Conservation Technical Support</li> <li>Kimbolton Small Works</li> <li>Listed Buildings</li> <li>Local Plan</li> <li>Parish Plans</li> <li>Rural Renewal N &amp; E Hunts</li> <li>St Neots Cap Scheme</li> <li>Strategic &amp; Regional Planning</li> <li>Structure Plan</li> <li>Town Centre Vision</li> <li>Trees</li> <li>Undergrounding Power Lines</li> </ul>
<b>Markets</b>
<ul style="list-style-type: none"> <li>Farmers Markets</li> <li>Huntingdon Market</li> <li>Markets Management</li> <li>Ramsey Market</li> <li>St Ives Bank Holiday Market</li> <li>St Ives Market</li> <li>St Neots Market</li> </ul>
<b>Economic Development</b>
<ul style="list-style-type: none"> <li>Business &amp; Enterprise Support</li> <li>Industrial Properties</li> <li>Miscellaneous Properties</li> <li>NDR Discretionary Relief</li> <li>Town Centre Management</li> </ul>
<b>Planning Delivery Grant</b>
<ul style="list-style-type: none"> <li>Planning Delivery Grant</li> <li>Planning Grant Unallocated</li> </ul>

<b>Corporate Events</b>
17th Century Festival (2003) Leisure Grants Priory Centre
<b>Joint Sports Centres</b>
Huntingdon Recreation Centre Ramsey Leisure Centre Recreation Centres Overall Sawtry Sports Centre St Ivo Recreation Centre St Neots Recreation Centre
<b>Leisure Policy &amp; Development</b>
Arts Development Leisure & Amenities Committee Leisure Development Policy and Strategic Mgt
<b>Parks Management</b>
Highways Amenities Parks Contracts Parks Management Pavillions
<b>Countryside</b>
Countryside Management Hinchingbrooke Country Park Holt Island Ouse Valley Way Paxton Pits Spring Common
<b>Tourism</b>
Brown Signs Discover Cambridgeshire District Promotion Eetb Domestic Marketing Eetb Overseas Marketing Familiarisation Trips (Tic) Family Pack Mini Guides Newsletter Out & About Short Breaks Guide Tip Posters Tip Renewal & Repair Tourist Services Web Development
<b>Community Initiatives</b>
Com Initiatives – Housing Com Initiatives – Leisure Community Strategy Health For Huntingdonshire Health For Hunt Yaxley Healthy Living Centre Hunts Learning Partnership Local Agenda 21 Miscellaneous Grants Oxmoor Action Plan Yaxley Community Project Young Peoples Project

<b>Housing Services</b>
Common Housing Register Contributions To H R A Housing Advances Housing Advice Housing Developments Housing Resources Bvr Housing Strategy Mobile Home Park Publicising Housing Services Supporting People Waiting List
<b>Private Housing Support</b>
Home Improvement Agency Housing Associations Housing Surveys Renovation/Improvement Grants
<b>Homelessness</b>
Homelessness Management Homeless Young Persons Advisor Hostel Support Rental Deposit Scheme Supporting People Scheme Temp Accommodation – B&B
<b>Housing Benefits</b>
Rent Allowance Local Scheme Rent Allowance National Scheme Housing Benefits Admin Temporary Accommodation Support

<b>Community Safety</b>
CCTV Community Partnership
<b>Transportation Strategy</b>
Environmental Management Transportation Developments Transportation Grants Transportation Strategy

<b>Public Transport</b>
Bus Shelters Concessionary Fares Huntingdon Bus Station Rail Passes St Ives Bus Station
<b>Highways Services</b>
Highways Cyclic Mtce Highways Management Highways R&R Schemes
<b>Car Parks</b>
Car Park Management Car Park Policy
<b>Environmental Improvements</b>
Env Imps Feasibility Studies Env Imps Management Environmental Imps Renewals Gazebo R&R Godmanchester Env Improvements Huntingdon Env Improvements Other Schemes Ramsey Env Improvements Small Scale Env Improvements Somersham Env Improvements St Ives Env Improvements St Neots Env Improvements Yaxley Env Improvements

<b>Administrative Services</b>
District Elections Elections Periodic Review Electoral Registration Emergency Planning Land Charges Licences National & County Elections Parish Elections
<b>Local Taxation &amp; Benefits</b>
Community Charge Council Tax Council Tax Benefits NNDR Administration
<b>Corporate Management</b>
Bank Charges Best Value Customer First External Audit Information & Promotion Local Council Support Pensions Policy and Strategy Public Accountability System & Asset Management Telecommunications Unallocated Central Overheads
<b>Democratic Representation</b>
Corporate Committees Corporate Subscriptions Member Expenses & Allowances Member Support Twinning

<b>Contingency</b>
General Contingency Other Contingencies
<b>Other Expenditure</b>
Capital Charges Reversed Commutation Transfer VAT Partial Exemption
<b>Investment Interest</b>
Interest Paid Interest Received



## CODE OF PROCUREMENT

### 1. INTERPRETATION AND SCOPE

This Code applies to the procurement, hire, rental or lease of -

- ◆ land and buildings, roads or other infrastructure;
- ◆ vehicles or plant;
- ◆ equipment, furniture and fittings;
- ◆ construction and engineering works;
- ◆ information and communication technology - hardware and software;
- ◆ goods, materials and services;
- ◆ repairs and maintenance; and
- ◆ consultants, agents and professional services.

It applies also to the sale of assets, goods or services by the Council where the appropriate Head of Service estimates that the assets, goods or services to be sold exceed £1000. Where the value is estimated to be less than £1000 then the 'Sale of Equipment' procedures contained within the Inventory procedures shall be followed.

The Council includes the Cabinet, panels, committees or other body or person(s) acting in accordance with delegated authority on behalf of the Council.

All procurements or sales made by or on behalf of the Council shall comply with this Code, subject to any overriding requirements of the Council's Rules of Procedure and Code of Financial Management and British or European Union law or regulation.

This Code has been adopted in accordance with the requirements of Section 135(2) of the Local Government Act 1972.

Throughout the Code, reference to contractor(s) or sub-contractor(s) shall mean any person, company or supplier who have:-

- (i) requested to be on an approved or ad-hoc approved list of tenderers;
- (ii) been approached to provide a quotation or tender;
- (iii) provided a quotation or tender; or
- (iv) been awarded a contract in accordance with the provisions of this Code.

The Head of Financial Services shall adjust all the financial values contained in the Code annually to take account of the impact of inflation. He shall inform all Heads of Service of any amendments to the values prior to the 1st April from which they shall be operative.

## 2. PROCEDURES

At the commencement of each financial year (or by 30 April each year) Heads of Service shall estimate the total value for each discrete procurement area where total value:

- (i) is estimated over the financial year; or
- (ii) if a contract is to be awarded, is calculated over the maximum contract term; or
- (iii) in the case of long-term contract that is open-ended or of uncertain duration, such as those for the hire of goods or for the delivery of a particular service, is based on the estimated average monthly expenditure multiplied by 48 (4 years)

and there shall be no separation or dis-aggregation of procurements to avoid the requirements of this Code.

Heads of Service wherever practicable shall proactively maximise contract values with other Heads of Service to secure lower costs.

Heads of Service after determining the proposed contract total value shall then follow one of the procedures which shall be used in **all** procurements or sales:-

Estimated Total Value of Procurement	Requirement
Up to £5,000	An estimate or offer shall be obtained.
£5,001 to £30,000	Competitive written quotations or offers shall be invited, unless the Head of Service has complied in full with para.2.2 E of this Code.
£30,001 to European Union Procurement Threshold	Competitive tenders shall be obtained using one of the tendering options in this Code, and a formal written contract prepared in accordance with Section 10.
Above the EU Threshold specified below	The appropriate EU procurement directive shall be complied with.

The EU thresholds are as follows:-

	Special Drawing Rights	£	
Supplies	200,000	153,376	<i>These values are reviewed periodically, and are valid from 1st January 2004. The Head of Administration is able to provide the latest values, and advice if required, as to the specific procedures that shall be followed.</i>
Services	200,000	153,376	
Works	5,000,000	3,834,411	

## 2.1 Quotation Options

Wherever possible a minimum of three competitive quotations shall be sought. In selecting contractors who are to be requested to provide a quotation Heads of Service shall ensure that the selection process they are using is fair and equitable, and that no favouritism is shown to any one contractor. The Head of Service shall keep a record, in the form agreed by the Executive Director of Central Services, of:-

- (i) all those contractors that were requested to provide a quotation;
- (ii) the reasons why those particular contractors were selected to provide a quotation; and
- (iii) if applicable, the reasons why less than three contractors were selected to provide a quotation.

## 2.2 Tendering Options

Heads of Service shall select one of the following tendering methods. If any alternative tendering method is proposed then approval of the Cabinet is required before the proposed tendering option is followed. In selecting contractors who are to be requested to provide a tender Heads of Service shall ensure that the selection process they are using is fair and equitable, and that no favouritism is shown to any one contractor.

<b>Tender Option</b>	<b>Requirement</b>
A. Ad Hoc Tender <b>Open tender</b>	Public notice shall be given in one or more newspapers and/or in an appropriate trade journal. The notice shall state the nature and purpose of the contract, where tender documentation can be obtained, and state the closing date for the receipt of tenders.
B. Approved List of Tenderers <b>Restricted tender</b>	Tenders shall be invited from at least three contractors selected from an approved list established in accordance with Section 3 of this Code.
C. Ad Hoc Approved List of Tenderers <b>Open restricted tender</b>	Tenders shall be invited from a list of contractors compiled in accordance with Section 4 of this Code for a specific contract.
D. Serial Tenders	The proposed contract shall form part of a serial programme. The contract terms shall be negotiated with a contractor, using as a basis for negotiation the rates and prices contained in an initial contract that was awarded following a

	<p>competitive tendering process that complied with this Code. No more than two serial contracts shall be negotiated from an initial contract.</p>
<p>E. Single Tenders</p>	<p>A Head of Service after consulting the Executive Director of Central Services may obtain a single tender (or quotation – see 2.2 above) when:</p> <p>Prices are wholly controlled by trade organisations or government order and no reasonably satisfactory alternative is available.</p> <p>Work to be executed or goods, services or materials to be supplied consist of repairs to or the supply of parts of existing proprietary machinery, equipment, hardware or plant and the repairs or the supply of parts cannot be carried out practicably by alternative contractors.</p> <p>Specialist consultants, agents or professional advisers are required and</p> <ul style="list-style-type: none"> <li>◆ there is no satisfactory alternative; or</li> <li>◆ evidence indicates that there is likely to be no genuine competition; or</li> <li>◆ it is in the Council’s best interest to engage a particular consultant, agent or adviser.</li> </ul> <p>Products are sold at a fixed price, and market conditions make genuine competition impossible.</p> <p>No satisfactory alternative is available.</p> <p>If the Single Tender option is used, the Head of Service shall</p> <ul style="list-style-type: none"> <li>◆ notify the Executive Director of Central Services who shall make a record in a register kept for that purpose;</li> <li>◆ retain records that demonstrate that the best price or value for money has been obtained from the negotiations with the tenderer.</li> </ul>

Except to the extent that the Cabinet in a particular case or specified categories of contract otherwise decides, all quotations or tenders that are being sought shall include approved contract terms in accordance with section 10 of this Code, and be based on a definite written specification, which shall include an award criteria, which if it is not to be the lowest price shall be agreed by the appropriate

Director, and if appropriate, a requirement for a performance bond and liquidated damages.

### **2.3 Non-Traditional Procurement**

If a Head of Service believes that by following one of the procurement options detailed in 2.1 to 2.2 above, that the procurement process will not provide him with the most appropriate method of service delivery, the most competitive prices, allow for continuous improvements in service delivery, or stifle procurement innovation, then he may suggest alternative procurement strategies.

The Head of Service shall produce, in accordance with guidance issued by the Executive Director of Central Services and prior to proceeding with the procurement, a written procurement strategy that shall be approved by the Executive Director of Central Services and the Cabinet.

### **3. PROCEDURE FOR THE APPROVAL AND MAINTENANCE OF APPROVED LISTS OF TENDERERS**

Only those lists containing details of contractors that are compiled and maintained by an external organisation to the satisfaction of the Executive Director of Central Services, after consultation with the Head of Financial Service and the other relevant Heads of Service shall be adopted as approved lists of tenderers.

The Executive Director of Central Services in conjunction with the Head of Financial Services and relevant Heads of Service shall review the continued suitability of an Approved List of Tenderers periodically and at least prior to the third anniversary of its initial or further adoption.

### **4. PROCEDURE FOR THE APPROVAL OF AD-HOC APPROVED LISTS OF TENDERERS**

A public notice shall be issued inviting applications for inclusion on a specific approved list for the supply of goods, services or materials. The ad-hoc approved list of tenderers shall be established from contractors replying to the public notice or who have previously requested to be included on an ad-hoc approved list for work of a similar nature.

Ad hoc approved lists shall:-

- (i) be approved by the appropriate Head of Service after consultation with the Executive Director of Central Services and the Head of Financial Services; and
- (ii) only be used for seeking tenders for the supply of goods, services or materials specifically detailed within the original public notice.

## **5. SUB-CONTRACTS AND NOMINATED SUPPLIERS**

Quotations or tenders for sub-contracts to be performed or for goods, services or materials to be supplied by nominated sub-contractors shall be invited in accordance with this Code.

The relevant Head of Service is authorised to nominate to a main contractor a sub-contractor whose quotation or tender has been obtained in full accordance with this Code.

## **6. CONSULTANTS**

It shall be a condition of the engagement of any consultant, agent or professional adviser who is to be responsible to the Council for the award or supervision of a contract on its behalf, that in relation to that contract he shall:-

- (i) comply with this Code as though he were an employee of the Council;
- (ii) at any time during the carrying out of the contract produce to the appropriate Head of Service, on request, all the records maintained by him in relation to the contract; and
- (iii) on completion of the contract transmit all records that he has produced or received that relate to the contract to the appropriate Head of Service.

## **7. EXCEPTIONS**

Nothing in this Code shall require tenders or quotations to be sought:-

- (a)
  - (i) for purchases made from internal Management Units;
  - (ii) for purchases made through ESPO;
  - (iii) for purchases made at public auction;
  - (iv) for purchases through any local authority or government consortium, collaboration or similar body, where the procurement rules of that organisation have been adopted. The Executive Director of Central Services shall approve and keep under review the continued suitability of any such organisation; or
  - (v) for purchases through any Framework Agreement where this Code of Procurement has been adopted. The Procurement Manager shall approve and keep under review the continued suitability of any such Framework Agreements.
- (b) where the relevant Director or Head of Service:-

- (i) consider that the work is of an emergency nature or is necessary to enable the service to continue; or
- (ii) with the Head of Financial Services' agreement considers that it is in the Council's best interest in negotiating a further contract for works, supplies or services of a similar nature with a contractor who is currently undertaking such work.

The relevant Director or Head of Service shall report details of all work awarded under paragraph 7 (b):-

- (i) to the Executive Director of Central Services who shall make a record in a register kept for that purpose; and
- (ii) to the next meeting of the Cabinet.

## **8. RECEIPT AND OPENING OF TENDERS AND QUOTATIONS**

Where tenders or quotations are invited in accordance with this Code no tender or quotation will be considered unless:-

- (i) contained in a plain envelope which shall be securely sealed and shall bear the word "Tender" or "Quotation" followed by the subject to which it relates; or
- (ii) it has been sent electronically to a specific e-mail address, which the appropriate Head of Service shall obtain from the Head of Information Management.

In respect of:-

- (i) above, the envelope shall not bear any distinguishing matter or mark intended to indicate the identity of the sender. Contractors shall be notified accordingly. Such envelope shall be addressed impersonally to the Executive Director of Central Services if it contains a "Tender" or the appropriate Head of Service if it contains a "Quotation"; and
- (ii) above, the Head of Information Technology shall ensure that the e-mail address is secure, can only be accessed by the Executive Director of Central Services or officers specifically appointed by him.

All envelopes or e-mails received shall be kept securely and shall not be opened or accessed until the time appointed for their opening.

All tenders or quotations invited in accordance with this Code shall be opened at one time only and by at least two officers:-

- (i) tenders shall be opened by officers nominated by the Executive Director of Central Services and by the appropriate Head of

Service. The Head of Financial Services shall be notified of the time and place appointed for the opening; and

- (ii) quotations shall be opened by the appropriate Head of Service and/or his nominee(s).

All tenders or quotations upon opening shall be recorded in writing on either a tender or quotation opening record, as is appropriate. The format of the opening record shall have been previously agreed with the Executive Director of Central Services and Head of Financial Services. The Form of Tender or Quotation and any accompanying documentation shall be marked with the date of opening, and signed by all officers present at the opening. The tender or quotation opening record shall be signed by at least two officers present at the opening.

The original opening record shall be retained by the Executive Director of Central Services in respect of tenders, and the relevant Head of Service in respect of quotations.

Any tenders or quotations received after the specified time shall be returned promptly to the contractor by the Executive Director of Central Services or his nominated officer in respect of tenders, or by the appropriate Head of Service or his nominated officer in respect of a quotation. The tender or quotation may be opened to ascertain the name of the contractor but no details of the tender or quotation shall be disclosed.

## **9. ACCEPTANCE OF TENDERS AND QUOTATIONS**

The appropriate Head of Service shall evaluate all the tenders or quotations received in accordance with the award criteria set out in the bid documentation and shall accept, subject to the provisos set out in this paragraph, either:-

- (i) the lowest priced tender or quotation; or
- (ii) the highest scoring tender or quotation, as evaluated against the award criteria.

Tenders or quotations exceeding the approved estimate may only be accepted once approval to further expenditure is obtained.

If the lowest priced, or highest scoring quotation exceeds £30,000:-

- (i) but is within 15% of the original estimate, the appropriate Head of Service may accept the quotation without seeking further competition; and
- (ii) is in excess of 15% of the original estimate then a competitive tender exercise in accordance with paragraph 2 above shall be carried out, unless the appropriate Head of Service has consulted and obtained the approval of the Executive Director



of Central Services and relevant executive councillor that the quotation can be accepted.

The acceptance of a tender or quotation that is not the lowest priced tender or quotation or the highest scoring tender or quotation in accordance with the award criteria set out in the tender or quotation documentation, if payment is to be made by the Council, or the highest tender or quotation, if payment is to be received by the Council, shall only be accepted if:-

- (i) the Cabinet have considered a written report from the appropriate Head of Service, or
- (ii) in cases of urgency, the Executive Director of Central Services has consulted and obtained the approval of the relevant executive councillor. Tenders or quotations accepted in this way shall be reported by the appropriate Head of Service to the next meeting of the Cabinet.

Where post-tender negotiations have been undertaken in accordance with paragraph 9.1 below, the appropriate Head of Service shall only accept the lowest priced tender received. A tender other than the lowest shall not be accepted until the Cabinet have considered a written report from the appropriate Head of Service, and recommended acceptance of a tender other than the lowest.

#### **9.1 Arithmetical Errors and Post-Tender Negotiations**

Contractors can alter their tenders or quotations after the date specified for their receipt but before the acceptance of the tender or quotation, where examination of the tender or quotation documents reveals arithmetical errors or discrepancies which affect the tender or quotation figure. The contractor shall be given details of all such errors or discrepancies and afforded an opportunity of confirming, amending or withdrawing his offer.

In evaluating tenders, the appropriate Head of Service may invite one or more contractors who have submitted a tender to submit a revised offer following post-tender negotiations.

All post-tender negotiations shall:-

- (i) only be undertaken where permitted by law and where the appropriate Head of Service, Head of Legal and Estates and Head of Financial Services consider additional financial or other benefits may be obtained which over the period of the contract shall exceed the cost of the post-tender negotiation process;
- (ii) be conducted by a team of officers approved in writing by the appropriate Head of Service, Executive Director of Central Services and Head of Financial Services;

- (iii) be conducted in accordance with guidance issued by the Executive Director of Central Services; and
- (iv) not disclose commercially sensitive information supplied by other bidders for the contract.

Post-tender negotiations shall not be used to degrade the original specification unless the capital or revenue budget is exceeded, or the appropriate Director or Head of Service considers other special circumstances exist, in which case all those contractors who originally submitted a tender shall be given the opportunity to re-tender.

The appropriate Head of Service shall ensure that all post-tender negotiation meetings are properly minuted with all savings and benefits offered clearly costed. Following negotiations but before the letting of the contract, amendments to the original tender submitted shall be put in writing by the contractor(s) and shall be signed by him.

## **10. CONTRACTS**

Every contract which exceeds £30,000 in value shall be in writing in a form approved by the Head of Legal and Estates who shall also determine the format of any contract for a lesser value.

In the case of any contract for the execution of works or for the supply of goods, services or materials, the Head of Service after consulting with the Head of Financial Services and the Head of Legal and Estates shall consider whether the Council should require security for its due performance and shall either certify that no such security is necessary or shall specify in the specification of tender the nature and amount of the security to be given. In the latter event, the Council shall require and take a bond or other sufficient security for the due performance of the contract.

All original documents, including specifications, drawings, tender documents and correspondence relating to contracts which exceed a total value of £30,000 shall be retained by the Head of Legal and Estates, otherwise the relevant Head of Services shall make arrangements for their retention.