

To: Members of the County Council

Date: 17 February 2016

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Dear Councillor

You are invited to attend a meeting of the **COUNTY COUNCIL** to be held at **10.00 am** on **TUESDAY, 23 FEBRUARY 2016** in **COUNCIL CHAMBER, COUNTY HALL, RUTHIN LL15 1YN**.

Yours sincerely

G Williams  
Head of Legal, HR and Democratic Services

## **AGENDA**

### **PART 1 - THE PRESS AND PUBLIC ARE INVITED TO ATTEND THIS PART OF THE MEETING**

#### **1 APOLOGIES**

#### **2 DECLARATIONS OF INTEREST**

Members to declare any personal or prejudicial interests in any business identified to be considered at this meeting.

#### **3 URGENT MATTERS AS AGREED BY THE CHAIR**

Notice of items which, in the opinion of the Chair, should be considered at the meeting as a matter of urgency pursuant to Section 100B(4) of the Local Government Act, 1972.

#### **4 CHAIRMAN'S DIARY (Pages 5 - 6)**

To note the civic engagements undertaken by the Chairman of the Council (copy attached).

#### **5 MINUTES (Pages 7 - 14)**

To receive the minutes of the meeting of County Council held on 26 January 2016 (copy attached).

## **6 NOTICE OF MOTION**

Councillor Martyn Holland, on behalf of the Welsh Conservative Group, put forward the following Notice of Motion (deferred from Council meeting held on 26 January 2016) for the consideration of Full Council:

“The Welsh Conservative Group believes that to help improve the public’s perception of the County Council, the county should, in future, provide web casting for all Cabinet and Scrutiny meetings”.

## **7 NOTICE OF MOTION**

Councillor Dewi Owens put forward the following Notice of Motion (deferred from Council meeting held on 26 January 2016) requesting full Council to support the following:

“Denbighshire County Council

- Values the work of the North Wales Community Health Council
- Expresses concern over the diversion of resources from the North Wales Community Health Council to the Board of Community Health Councils in Wales
- Calls upon the Welsh Government to take action to protect the independence of individual Welsh Community Health Councils”.

## **8 COUNCIL TAX (Pages 15 - 30)**

To consider a report (copy attached) seeking approval of the necessary resolutions in order to set the levels of Council Tax for 2016/17.

## **9 TREASURY MANAGEMENT STRATEGY (Pages 31 - 56)**

To consider a report (copy attached) seeking approval of the Treasury Management Statement for 2016/17 and setting of Prudential Indicators for 2016/17 to 2018/19, and to note the Treasury Management update report.

## **10 CAPITAL PLAN (Pages 57 - 86)**

To consider a report (copy attached) updating Members on the 2015/16 element of the Capital Plan and seeking approval of the projects identified for inclusion in the Capital Plan.

## **11 CONSIDERATION OF FINAL DRAFT PROCUREMENT STRATEGY & CPR'S (Pages 87 - 174)**

To consider a report (copy attached) seeking approval of both the new Procurement Strategy and the revised CPRs.

## **12 COUNTY COUNCIL FORWARD WORK PROGRAMME (Pages 175 - 178)**

To consider the Council’s forward work programme (copy enclosed).

## **MEMBERSHIP**

### **Councillors**

Councillor Gwyneth Kensler (Chair)

Ian Armstrong  
Raymond Bartley  
Brian Blakeley  
Joan Butterfield  
Jeanette Chamberlain-Jones  
Bill Cowie  
Meirick Davies  
Richard Davies  
Stuart Davies  
Peter Duffy  
Hugh Evans  
Peter Evans  
Bobby Feeley  
Carys Guy  
Huw Hilditch-Roberts  
Martyn Holland  
Colin Hughes  
Rhys Hughes  
Hugh Irving  
Alice Jones  
Huw Jones  
Pat Jones  
Geraint Lloyd-Williams

Councillor Ann Davies (Vice-Chair)

Jason McLellan  
Barry Mellor  
Win Mullen-James  
Bob Murray  
Peter Owen  
Dewi Owens  
Merfyn Parry  
Paul Penlington  
Pete Prendergast  
Arwel Roberts  
Anton Sampson  
Gareth Sandilands  
David Simmons  
Barbara Smith  
David Smith  
Bill Tasker  
Julian Thompson-Hill  
Joe Welch  
Cefyn Williams  
Cheryl Williams  
Eryl Williams  
Huw Williams

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# Agenda Item 4

## Digwyddiadau wedi eu mynychu gan y Cadeirydd / Events attended by Chairman

<u>Dyddiad/Date</u>	<u>Digwyddiad/Event</u>	<u>Lleoliad/Location</u>
29/01/16	Digwyddiad Dathliad 'Cynnig' / Cynnig's Activity Celebration, Theatr Twm O'r Nant	Dinbych / Denbigh
30/01/16	Cyngerdd Elusenol Maer Dinbych Mayor of Denbigh's Charity Concert	Dinbych / Denbigh
04/02/16	Seremoni Dinasyddiaeth / Citizenship Ceremony	Rhuthun / Ruthin
09/02/16	Cyfarfod Blynyddol Apêl Cancr Gogledd Cymru The North Wales Cancer Appeal Annual General Meeting Ysbyty Glan Clwyd	Bodelwyddan
11/02/16	Ymweliad Ysgolion Cynradd â Neuadd y Sir Primary School Visit to County Hall	Rhuthun / Ruthin

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## COUNTY COUNCIL

Minutes of a meeting of the County Council held in Council Chamber, County Hall, Ruthin LL15 1YN on Tuesday, 26 January 2016 at 10.00 am.

### PRESENT

Councillors Raymond Bartley, Brian Blakeley, Joan Butterfield, Jeanette Chamberlain-Jones, Bill Cowie, Ann Davies (Vice-Chair), Richard Davies, Stuart Davies, Peter Duffy, Hugh Evans, Bobby Feeley, Huw Hilditch-Roberts, Colin Hughes, Rhys Hughes, Hugh Irving, Alice Jones, Huw Jones, Pat Jones, Gwyneth Kensler (Chair), Geraint Lloyd-Williams, Jason McLellan, Barry Mellor, Win Mullen-James, Bob Murray, Dewi Owens, Paul Penlington, Pete Prendergast, Arwel Roberts, Anton Sampson, Gareth Sandilands, Barbara Smith, David Smith, Julian Thompson-Hill, Joe Welch, Cefyn Williams, Cheryl Williams, Eryl Williams and Huw Williams

### ALSO PRESENT

Chief Executive (MM), Head of Legal, HR and Democratic Services (GW), Interim Head of Finance and Assets (JG), Chief Finance Officer (RW) and Committee Administrator (SLW)

### 1 APOLOGIES

Apologies for absence were received from Councillors Ian Armstrong, Meirick Davies, Peter Evans, Carys Guy, Martyn Holland, Peter Owen, Merfyn Parry and Bill Tasker

At this juncture, best wishes were sent to Councillor Ian Armstrong who was improving in Holywell Cottage Hospital, to Councillor Peter Owen who was proceeding well and receiving excellent care at home. Also to Councillor Bill Tasker who was currently in hospital.

### 2 DECLARATIONS OF INTEREST

Councillors Arwel Roberts, Richard Davies, David Smith, Joseph Welch, Peter Duffy and Colin Hughes declared a personal interest in Item 6 – Budget 2016/17 (Final Proposals – Phase 6)

Councillor Huw Williams declared a personal interest in item 8 – Draft Local Government (Wales) Bill.

### 3 URGENT MATTERS AS AGREED BY THE CHAIR

No Urgent Matters.

The Lead Member for Public Realm, Councillor David Smith paid tribute to the actions of the Denbighshire County Council staff during the recent bad weather and flood alerts which had taken place over the Christmas period. Volunteers had given up time to assist and reassure residents during this stressful time. Councillor Smith asked that his thanks

to officers of Denbighshire for all the work they carried out over the three days at Christmas be noted. The way workers responded to issues in the county had been remarkable and all members offered congratulations to everyone involved. Councillor Bill Cowie also wished to endorse the statement from Councillor David Smith.

At this juncture, the Chair offered congratulations to Denbigh Football Club on reaching the Word Cup Final which had been played the previous weekend.

Councillor Alice Jones also wished to congratulate the Leader, Councillor Hugh Evans on winning a prestigious farming award – Champion Beast at the Christmas Fat Stock event.

#### **4 CHAIRMAN'S DIARY**

A list of civic engagements undertaken by the Chair and Vice-Chair for the period 20 November, 2015 to 16 January 2016 had been circulated prior to the meeting.

***RESOLVED** that the list of civic engagements undertaken by the Chair and Vice-Chair be received.*

#### **5 MINUTES**

The minutes of the Council meeting held on 1 December, 2015, were submitted.

The Chair offered her thanks to Councillor Meirick Lloyd Davies who had Chaired the previous Council meeting held on 1 December 2015.

##### Matters Arising

Page 8, Item 5.

Councillor Alice Jones confirmed the information had been provided to Simon Dean of Betsi Cadwaladr University Health Board (BCUHB) and she was anxiously awaiting a response. The Chief Executive confirmed he would contact Simon Dean to ascertain when a response could be expected.

Page 10, Item 6 – Third Bullet Point

Councillor Arwel Roberts as whether detailed information had been provided.

The Chief Finance Officer confirmed the reason information had not been reported to Council separately was that a Treasury Management Report was being presented at Corporate Governance Committee on 27 January 2016.

***RESOLVED** that subject to the above, the minutes of the meeting held on 1 December, 2015, be confirmed as a correct record and signed by the Chair.*

#### **6 BUDGET FOR 2016/17**

The Lead Member for Finance and Assets, Councillor Julian Thompson-Hill, introduced the Budget 2016/2017 report (previously circulated).

The report set out the implications of the Provisional Local Government Settlement 2016/2017 and proposals to finalise the budget for 2016/2017.



The Council is legally required to set a balanced and deliverable budget before the start of each financial year and to set the resulting level of Council Tax to allow bills to be sent to residents.

The Council also has to provide an overview of the budget process and the impact of the Provisional Local Government Settlement and to make recommendations to set the budget for 2016/17, including the level of Council Tax.

The Settlement announced on 9 December 2015 was much better than expected with an overall cash reduction to Local Government of -1.4% and a reduction to Denbighshire of -1.2%.

The range of reductions across Welsh Councils varied from -0.1% (Cardiff) to -4.1% (Powys) with the impact generally worse for rural counties. Previous funding floor mechanisms had been removed from the Settlement which was why the range was relatively wide.

The Freedom and Flexibilities process was due to end with the setting of the 2016/17 budget and a new budget process would be developed for 2017/18.

In December, 2015, a report to Full Council set out the latest budget position and assumptions, which indicated a remaining budget gap of £2m. This gap had been calculated with a number of assumptions which had changed as a consequence of the Provisional Settlement. These were explained in detail at the budget workshop held with Members on 14 December, 2015.

The changes to the Settlement value allowed for a proposal to lower the level of proposed Council Tax rise from 2.75% to an average of 1.5%.

Discussion took place and Members raised the following points:

- Various suggestions had been raised at previous budget sessions and updates were requested. It was confirmed that the suggestions raised at the Budget sessions would have been brought forward if further savings had been required. The suggestions would will be considered as part of the 2017/18 budget process.
- Deficit payments required for pension schemes, together with issues regarding Teachers pension contributions were raised. The differences between the funding of the Teacher's pension scheme and the Local Government scheme were explained, including the treatment of deficit funding.. It was explained that both pension schemes are governed by UK legislation.
- Councillor Joan Butterfield, as Leader of the Labour Group confirmed that due to the Settlement from the Welsh Government being better than expected, the Labour Group were in agreement to approve the Council Tax increase of 1.5%. Councillor Butterfield also stated that the Labour Group hoped the Settlement for 2016/17 would protect services for the most vulnerable and isolated people within the county. Councillor Butterfield then expressed concern regarding the Police precept. It was confirmed that Police and City, Town and Community Councils set their own level of Council

Tax which was then added to the County Councils. Councillor Brian Blakeley confirmed he had attended the Police and Crime Committee the previous day and the increase in the Police precept was to be 2.47%.

- The inclusion of £0.5m from balances as part of the funding of the 2015/16 budget was questioned. The amount of balances and the current debt was requested. The Chief Finance Officer confirmed that the budget for 2015/16 was set with a funding contribution from balances and that this would continue for three financial years. The contribution from balances would only be made if required during the financial year. . So if for example council tax yield was slightly higher than had been assessed in the budget during the year, the budgeted amount of balances may not need to be drawn down. The level of net debt was £191million, and general balances was £7.5million. A detailed report was to be presented at Corporate Governance Committee the following day (27 January, 2016) which would set out the indicators in more detail.

At this juncture, the Head of Legal, HR and Democratic Services stated that as pensions had been discussed, Members would be required to declare a personal interest if they were either paying in or in receipt of a teaching/ Local Government pension.

- The budget regarding Council Tax was usually brought before Full Council at this time each year as it enabled Council Tax bills to be prepared prior to the beginning of April.
- The issue of any problems which could be foreseen in the future 12 months could not be guaranteed at this point in time. The distribution and cuts to specific of grants from the Welsh Government could be an issue as could on going debates about funding to rural councils. The issue of the cost of private care/nursing homes was also briefly discussed.

The Leader, Councillor Hugh Evans expressed his gratitude that the Settlement had been a lot better than anticipated. In previous years, a total of £28million in cuts had been made but Denbighshire had continued to be a high performing Council. Communication had taken place with residents who had expressed a preference for low Council Tax and for services still to be provided. Councillor Evans expressed his gratitude to the Finance Officers for their work in an extremely difficult situation.

The Lead Member for Finance and Assets also expressed his gratitude to all Members who had taken part in the process, together with Officers, the Chief Accountant, Steve Gadd and the Chief Finance Officer, Richard Weigh for their hard work.

The recommendation was proposed and seconded.

At this juncture, Councillor Eryl Williams requested a minor change to Appendix 1 to amend the wording to “potential use of balances” rather than “use of balances” – all members present agreed.

**RESOLVED that:**

- Council noted the impact of the Provisional Local Government Settlement and that no further savings beyond the £5.2million already approved are required from services for 2016/17.
- Council approves the budget proposals set out below, based on the Provisional Local Government Settlement in order to finalise the 2016/17 budget:
  - (i) To increase funding to schools to meet the national level of protection of +1.85%
  - (ii) To set aside a one-year budget delivery contingency of £480k for 2016/17 to mitigate the risks to the delivery of the budget set out in this report
  - (iii) To approve the resulting average increase in Council Tax of 1.5%
- To amend the wording in Appendix 1 from “use of balances” to “potential use of balances”

**At this juncture (11.40 a.m.) there was a 20 minute break.**

**The meeting reconvened at 12.00 p.m.**

## **7 ANNUAL APPROVAL OF THE COUNCIL TAX REDUCTION SCHEME**

The Lead Member for Finance and Assets, Councillor Julian Thompson-Hill, introduced the Annual Approval of the Council Tax Reduction Scheme report (previously circulated).

The Welfare Reform Act 2012 contained provisions to abolish Council Tax benefit in its current form across the UK. From 31 March 2013 Council Tax benefit ceased and the responsibility for providing support for Council Tax and the funding associated with it, had been passed to the Welsh Government. The Welsh Government, in partnership with local authorities in Wales, introduced a new scheme to provide Council Tax support which was adopted by the Council in January 2013.

The Welsh Government finalised both sets of regulations on 19<sup>th</sup> January 2016 and the new Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 and *Prescribed Requirements (Wales) Amendments Regulations 2016* were required to be adopted by 31 January 2016.

**RESOLVED that:**

- Members adopt the Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 and the Prescribed Requirements (Wales) Amendments Regulations 2016, in respect of the 2016/17 financial year
- Members approve the 3 discretionary elements of the scheme, shown in section 4.1 of the report, are continued in 2016/17.

## 8 DRAFT RESPONSE TO THE LOCAL GOVERNMENT (WALES) BILL

The Leader, Councillor Hugh Evans, introduced the Draft Response to the Local Government (Wales) Bill (previously circulated).

An explanation around the consultation exercise being conducted by Welsh Government on the provisions of the Draft Local Government (Wales) Bill was given.

The Head of Legal, HR and Democratic Services clarified the report was submitted to determine Council's response to the consultation exercise. A response had previously been submitted to the White Paper but the Draft Bill required extensive responses to be submitted by 15 February, 2016.

The Head of Legal, HR and Democratic Services explained the structure of the Draft Bill which was as in 8 parts as follows:-

- Part 1 – Local Government Areas and County Councils
- Part 2 – General Power of Competence
- Part 3 – Promoting Access to Local Government
- Part 4 – Functions of County Councils and their Members
- Part 5 – County Councils: Improvements of Governance
- Part 6 – Community Councils
- Part 7 – Workforce Matters, and
- Part 8 – General and Schedules.

During the explanation of the Draft Bill by the Head of Legal, HR and Democratic Services, discussions took place and questions were raised by various Members. Due to the importance of the Draft Bill and the amount of information to be absorbed, a number of Members requested that there be a Workshop held which would give Members the opportunity to scrutinise the Draft Bill in more detail.

Following discussion, it was therefore,

**RESOLVED** that

- (i) Council notes the contents of the Draft Bill and considers the draft consultation response set out in Appendix 3
- (ii) Following a Council Workshop, Council authorises the Leader in consultation with Group Leaders to finalise the terms of the Council's response taking into account the views expressed by the Council.

## 9 NOTICE OF MOTION

The Notice of Motion put forward by Councillor Huw Williams:

“The Welsh Conservative Group believes that to help improve the public's perception of the County Council, the county should, in future, provide web casting for all Cabinet and Scrutiny meetings”

was deferred until the next meeting of Full Council which was due to be held on 23 February 2016.

## 10 NOTICE OF MOTION

Councillor Cefyn Williams put forward the following Notice of Motion for the consideration of Full Council.

“Over the years Denbighshire County Council has been selling its stock of Council houses, as we still have some left we ask the committee to abolish this practice because it is important that the Council keeps them for families who cannot afford to buy houses on the open market”.

Discussion took place and it was stated that legally the Notice of Motion could not be put forward to “abolish” the Right to Buy Scheme. It was, therefore, agreed to amend the motion as follows:

“Council authorises Officers to work on a business case to suspend Right to Buy which they will then present to Council”

**RESOLVED** that the amended Notice of Motion “Council authorised Officers to work on a business case to suspend Right to Buy which they will then present to Council” be approved.

## 11 NOTICE OF MOTION

The Notice of Motion put forward by Councillor Dewi Owens:

“Denbighshire County Council:

- Values the work of the North Wales Community Health Council
- Expresses concern over the diversion of resources from the North Wales Community Health Council to the Board of Community Health Councils in Wales
- Calls upon the Welsh Government to take action to protect the independence of individual Welsh Community Health Councils”

was deferred until the next meeting of Full Council which was due to take place on 23 February, 2016.

## 12 COUNTY COUNCIL FORWARD WORK PROGRAMME

The Head of Legal, HR and Democratic Services introduced the Council’s Forward Work Programme (previously circulated).

**RESOLVED** that the Council Forward Work Programme be approved and noted.

**The meeting concluded at 1.45 p.m.**

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**Report To: Full Council**

**Date of Meeting: 23 February 2016**

**Lead Member / Officer: Julian Thompson – Hill / Richard Weigh**

**Report Author: Richard Weigh / Rod Urquhart**

**Title: Council Tax 2016/17 and Associated Matters**

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## **1. What is the report about?**

In adopting the resolutions of the Council budget meeting of the 26 January 2016 it is necessary for the Council to pass further resolutions in a particular form to ensure that the Council Tax and its associated matters are legally valid.

## **2. What is the reason for making this report?**

A decision is required to set the levels of Council Tax for 2016/17.

## **3. What are the Recommendations?**

3.1 It is necessary for the County Council, as the Billing Authority, to consider the precepts received from the Police & Crime Commissioner for North Wales *and* the Town/Community Councils and declare the Council Tax levels for the 2016/17 financial year.

3.2 It is recommended that the amounts calculated by the Council for the 2016/17 financial year, in accordance with Sections 32 to 34 (1) of the Local Government Finance Act 1992 (the Act) and Alteration of Requisite Calculations (Wales) Regulations 2008 be as Appendix A section 3.

3.3 It is recommended that the amounts calculated by the Council for the 2016/17 financial year, in accordance with Sections 34 (2) to 36 (1) of the Local Government Finance Act 1992 (the Act) be as Appendix A section 4.

3.4 That the amounts of Council Tax for the 2016/17 financial year for each of the categories of dwellings be as shown in Appendix C.

3.5 That the level of discount for Class A, B, and C as prescribed under the Council Tax (Prescribed Class of Dwellings) (Wales) Regulations 2004 be set at zero for the financial year 2016/17 being the term of this Council with the caveat that this is dependant on no changes to legislation or local conditions.

#### **4. Report details.**

Due to the requirement to approve the resolution and recommendations in the prescribed manner Appendix A contains the report details

#### **5. How does the decision contribute to the Corporate Priorities?**

If the recommendations are not approved the Authority will be unable to raise Council Tax demands, therefore income required to fund Corporate Priorities will not be available.

#### **6. What will it cost and how will it affect other services?**

The cost of raising and distributing Council Tax demands is met from within existing resources.

#### **7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision? The completed EqIA template should be attached as an appendix to the report.**

Impact assessments were undertaken where appropriate as part of the council's budget process.

#### **8. What consultations have been carried out with Scrutiny and others?**

The level of Council Tax forms part of the budget set by the Council. The budget was developed over a two-year process with significant involvement of members and officers and by a series of sixteen member workshops. There was a public engagement exercise as part of the process and ongoing consultation with staff and trade unions. The Corporate Governance Committee has oversight of the budget process and a task and finish group is assessing the ongoing impact of budget decisions. Full Council approved the budget on 26 January 2016.

#### **9. Chief Finance Officer Statement**

The Council has a legal obligation to set a Council Tax. The regulations are prescriptive as to how this is to be done and this report meets those requirements.

#### **10. What risks are there and is there anything we can do to reduce them?**

The financial risk of being unable to collect Council Tax income. Collection rates are high and are monitored closely throughout the year.

#### **11. Power to make the Decision**

The Local Government Finance Act 1992 and Alteration of Requisite Calculations (Wales) Regulations 2008



## Appendix A

### 1.0 SETTING THE COUNCIL TAX FOR 2016/17

#### 1.1 Background.

At the Council meeting on the 26 January 2016 members considered and approved Cabinet's budget proposals and resulting impact on Council Tax for next financial year.

The main features of the proposal included:

- A cash reduction in the Council's provisional Local Government revenue settlement from Welsh Government of 1.2%.
- An increase in Welsh Government general capital funding of 0.43%.
- The provision of additional resources for the impact of some inflationary pressures.
- An increase in funding to schools to meet the national level of protection of +1.85%.
- Inflationary pressures and reduction in revenue settlement met by savings of £5.2m, use of balances and increased Council Tax funding.
- Investment of £0.25m in priority areas.
- Establishment of a one-year budget delivery contingency of £480k to mitigate the risks to the delivery of the budget.
- Use of £500k general balances

#### 1.2 Section 151 Officer's statement

In accordance with the requirements of the Local Government Act 2003 the observations of the Section 151 Officer on the budget for 2016/17 are required to be presented to members.

##### a) Robustness of Budget Estimates

The budget proposals for 2016/17 contain a level of financial estimates. This is due to the uncertainty around the future impact upon the Council of current economic events. A considered view has been taken on the level of funding that services require and on the amount and timing of savings. The requirement to make £5.2m of savings is clearly a risk to the Council as it follows on from £7.3m of agreed savings made in 2015/16. However, the process has been thorough and robust and proposals have been reviewed several times by Officers and Councillors. The budget depends upon the delivery of the proposed savings which will also be closely monitored and reported regularly to Cabinet. The Final Local Government Settlement will not be published until 2<sup>nd</sup> March 2016 and the final Welsh Government budget will not be put before the Senedd until 8<sup>th</sup> March therefore all councils are having to set budgets and Council Tax based on a provisional settlement. Whilst there is a legal provision to allow this, there is a risk that if, for example, revenue grant streams are transferred

into the Revenue Support Grant between the provisional and final settlements, there could be a financial adjustment to the final settlement and it is therefore prudent to have a buffer to be able to absorb this without affecting the tax base.

I consider the budget proposals for 2016/17 to be sensible and robust.

b) Adequacy of Reserves

The level of general balances is stable and I consider they are broadly appropriate given the financial risks that the council faces. Adequate general balances are vital to protect the Council from unforeseen problems or in-year emergencies. The 2016/17 budget has been set using £500k of general balances, if required, with agreement to use the same amount for the following year. This was agreed as part of the budget for 2015/16 and is sustainable as a medium term measure but is not a permanent solution to funding a gap in the budget.

**In adopting the resolutions of the Council meeting of the 26 January 2016 it will be necessary for the Council to pass certain further resolutions in a particular form so as to ensure that the Council Tax and its associated matters are legally valid. I attach a copy of the required resolutions and request that these be approved.**

- 1.3 The average percentage increase for Council Tax bills (based on Band D) payable is:
- County Council increase 1.5%
  - Town / Community Councils average increase 1.2%
  - Police & Crime Commissioner for North Wales increase 2.0%

## 2.0 COUNCIL TAX RESOLUTION

It is necessary for the County Council, as the Billing Authority, to consider the precepts received from the Police & Crime Commissioner for North Wales *and* the Town/Community Councils and declare the Council Tax levels for the 2016/17 financial year.

### 2.1 TOWN/COMMUNITY COUNCILS – PRECEPTS

The following precepts have been received:-

	2016/17	2015/16
	£	£
Aberwheeler	2,800	2,800
Betws Gwerfil Goch	2,796	2,383
Bodelwyddan	54,800	54,800
Bodfari	3,075	3,075

Bryneglwys	5,700	5,700
Cefn Meiriadog	3,456	3,456
Clocaenog	3,690	3,600
Corwen	34,000	29,000
Cyffylliog	6,006	5,700
Cynwyd	3,445	3,432
Denbigh	189,126	188,499
Derwen	6,006	6,000
Dyserth	34,500	31,200
Efenechtyd	4,380	4,047
Gwyddelwern	3,536	3,488
Henllan	8,250	7,400
Llanarmon yn Ial	18,000	14,500
Llanbedr D C	5,000	5,000
Llandegla	6,000	6,000
Llandrillo	5,883	5,882
Llandyrnog	10,372	10,217
Llanelidan	3,864	3,486
Llanfair D C	8,000	6,000
Llanferres	8,073	8,073
Llangollen Town	92,618	88,845
Llangynhafal	1,500	1,500
Llanrhaeadr Y C	11,976	11,928
Llantysilio	9,700	9,100
Llanynys	7,968	8,088
Nantglyn	5,100	5,000
Prestatyn	458,300	453,765
Rhuddlan	46,850	55,000
Rhyl	493,200	491,346
Ruthin	122,506	124,300
St. Asaph	60,130	56,157
Trefnant	9,663	4,668
Tremeirchion/Cwm/Waen	10,750	9,750
Total	1,761,019	1,733,185

### 3.0 DENBIGHSHIRE COUNTY COUNCIL/TOWN AND COMMUNITY COUNCILS - INCOME AND EXPENDITURE

It is recommended that the amounts calculated by the Council for the 2016/17 financial year, in accordance with Sections 32 to 34 (1) of the Local Government Finance Act 1992 (the Act) and Alteration of Requisite Calculations (Wales) Regulations 2008 be as follows:-

- (a) The aggregate of the amounts which the Council estimates for the items set out in Section 32 (2) (a) to (e) of the Act.

£

287,013,532

(b)	The aggregate of the amounts which the Council estimates for the items set out in Section 32 (3) (a) to (c) of the Act.	100,196,513
(c)	The amount by which the aggregate of Section 32 (2) above, exceeds the aggregate of Section 32 (3) above, calculated in accordance with Section 32 (4) of the Act, as its budget requirement for the year.	186,817,019
(d)	The aggregate amount which the Council estimates will be payable for the year into its general fund in respect of redistributed non-domestic rates and revenue support grant less cost of discretionary non-domestic rate reliefs.	139,971,248
(e)	The amount at (c) above less the amount at (d) above, divided by council tax base for the year, 38,888, calculated by the Council in accordance with Section 33 (1) of the Act, (i.e. basic amount Council Tax).	1,204.63
(f)	The aggregate amount of all special items referred to in Section 34 (1) of the Act (Town/Community Council Precepts).	1,761,019
(g)	The amount at (e) above less the result given by dividing the amount at (f) above by the council tax base, calculated by the Council, in accordance with Section 34 (2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special items relate.	1,159.35

#### 4.0 DENBIGHSHIRE COUNTY COUNCIL/TOWN AND COMMUNITY COUNCILS - COUNCIL TAX

It is recommended that the amounts calculated by the Council for the 2016/17 financial year, in accordance with Sections 34 (2) to 36 (1) of the Local Government Finance Act 1992 (the Act) be as follows:-

(a) the amounts calculated in accordance with Sections 34 (2) and (3) of the Act as the basic amounts of its Council Tax for the year for dwellings in part of the Council's area :-

##### COUNCIL TAX 2016/17 BAND 'D'

<u>Community</u>	<u>County Council</u>	<u>Community Precept</u>	<u>Total</u>
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	£	£	£
Aberwheeler	1,159.35	15.91	1,175.26
Betws G G	1,159.35	17.70	1,177.05
Bodelwyddan	1,159.35	64.70	1,224.05
Bodfari	1,159.35	15.22	1,174.57
Bryneglwys	1,159.35	32.76	1,192.11
Cefn Meiriadog	1,159.35	17.28	1,176.63
Clocaenog	1,159.35	30.00	1,189.35
Corwen	1,159.35	34.69	1,194.04
Cyffylliog	1,159.35	26.00	1,185.35
Cynwyd	1,159.35	13.00	1,172.35
Denbigh	1,159.35	57.00	1,216.35
Derwen	1,159.35	26.00	1,185.35
Dyserth	1,159.35	33.14	1,192.49
Efenechtyd	1,159.35	14.95	1,174.30
Gwyddelwern	1,159.35	16.00	1,175.35
Henllan	1,159.35	22.00	1,181.35
Llanarmon yn Ial	1,159.35	30.82	1,190.17
Llanbedr D C	1,159.35	10.68	1,170.03
Llandegla	1,159.35	20.48	1,179.83
Llandrillo	1,159.35	19.74	1,179.09
Llandyrnog	1,159.35	21.25	1,180.60
Llanelidan	1,159.35	24.00	1,183.35
Llanfair D C	1,159.35	14.01	1,173.36
Llanferres	1,159.35	20.23	1,179.58
Llangollen Town	1,159.35	54.16	1,213.51
Llangynhafal	1,159.35	4.45	1,163.80
Llanrhaeadr Y C	1,159.35	24.00	1,183.35
Llantysilio	1,159.35	38.34	1,197.69
Llanynys	1,159.35	24.00	1,183.35
Nantglyn	1,159.35	30.72	1,190.07
Prestatyn	1,159.35	60.49	1,219.84
Rhuddlan	1,159.35	29.71	1,189.06
Rhyl	1,159.35	53.52	1,212.87
Ruthin	1,159.35	51.43	1,210.78
St. Asaph	1,159.35	42.49	1,201.84
Trefnant	1,159.35	14.49	1,173.84
Tremeirchion/ Cwm/Waen	1,159.35	16.26	1,175.61

- (b) The amounts calculated in accordance with Section 36 (1) of the Act as the amounts to be taken into account for the year in respect of dwellings listed in different valuation bands. (Appendix B)

## 5.0 Police & Crime Commissioner for North Wales - PRECEPT

The precept for the Police & Crime Commissioner for North Wales for 2016/17 is £9,337,681

In accordance with Section 40 of the Local Government Finance Act 1992, it is noted that the amounts applicable for the year in respect of dwellings listed in different valuation bands are as follows :-

**Valuation Bands**

A	B	C	D	E	F	G	H	I
£	£	£	£	£	£	£	£	£
160.08	186.76	213.44	240.12	293.48	346.84	400.20	480.24	560.28

**6.0 AGGREGATE COUNCIL TAX – 2016/17 (including Police & Crime Commissioner for North Wales)**

Having calculated the aggregates in each case of the amounts at 4.0 and 5.0 above in accordance with Section 30 (2) of the Local Government Finance Act 1992, it is

**RECOMMENDED**

That the amounts of Council Tax for the 2016/17 financial year for each of the categories of dwellings be as shown in Appendix C.

**7.0 PRESCRIBED CLASS OF DWELLINGS - THE COUNCIL TAX (PRESCRIBED CLASS OF DWELLINGS) (WALES) REGULATIONS 1998 - SI 1998/105**

**AS AMENDED BY PRESCRIBED CLASS OF DWELLINGS - THE COUNCIL TAX (PRESCRIBED CLASS OF DWELLINGS) (WALES) (AMENDMENT) REGULATIONS 2004**

7.1 In Wales, Section 12 of the Local Government Finance Act 1992 creates a special class of property (prescribed class of dwellings) which allows a local billing authority to use its discretion in determining the level of discount to be awarded. If a dwelling meets certain criteria, then a billing authority can set the level of discount at either 25% or zero (i.e. no discount) for classes A & B, 50% or zero for class C.

7.2 The Council Tax (Prescribed Class of Dwellings)(Wales) Regulations 1998 as amended 2004, has with effect from 1st April, 2004 designated three classes of prescribed dwellings.

The classes are:-

Class A.

- a. A dwelling which is not the sole or main residence of an individual.
- b. Dwelling which is furnished.
- c. Occupation of the dwelling is prohibited by law for a continuous

- period of at least 28 days in the relevant year.
- d. Dwelling is not a mooring occupied by a boat or pitch occupied by a caravan.
- e. Dwelling is unoccupied and is managed by a personal representative in relation to the administration of a deceased person.

#### Class B

- a. A dwelling which is not the sole or main residence of an individual.
- b. Dwelling which is furnished.
- c. Occupation of the dwelling is not prohibited by law for a continuous period of at least 28 days in the relevant year.
- d. Dwelling is not a mooring occupied by a boat or pitch occupied by a caravan.
- e. Dwelling is unoccupied and is managed by a personal representative in relation to the administration of a deceased person.

#### Class C

- a. A dwelling which is unoccupied.
- b. A dwelling which is substantially unfurnished.

7.3 The difference between the classes A and B is the fact Class B has unrestricted occupation throughout 365 days a year whereas Class A is restricted to a maximum of 11 months occupation in a year. E.g. planning restriction as commonly applied to holiday chalets.

7.4 The main type of property covered by these regulations relate to furnished dwellings and not someone's sole or main residence e.g. second homes.

7.5 Class C was introduced to end the Council Tax discount for chargeable dwellings which are unoccupied and substantially unfurnished for periods greater than 6 months.

This allows the Authority to levy a full charge once the initial 6 month exemption period expires; this benefits Denbighshire residents in that

- a. The property owner would be contributing a full charge
- b. There is a financial incentive to the owner to occupy the property leading to.
  - The potential of increasing accommodation availability
  - The reduction in the number of empty properties in communities

7.6 In the year 2009/2010 the Council resolved not to award a discount to Class A, B or C for the remaining term of the Council with the caveat that this was dependant on, no changes to Legislation or local conditions. The purpose of this resolution enabled consistency in the calculation of the Tax Base, a shorter report and the reduction in the volumes of paper produced.

#### 7.7 **IT IS RECOMMENDED**

That the level of discount for Class A, B, and C as prescribed under the

Council Tax (Prescribed Class of Dwellings) (Wales) Regulations 2004 be set at zero for the financial year 2016/17 being the term of this Council with the caveat that this is dependent on, no changes to Legislation or local conditions.



2016/17

DENBIGHSHIRE COUNCIL COUNCIL

Appendix B

<u>COUNTY</u>	<u>COMMUNITY</u>	<u>TOTAL</u>	<u>BAND A</u>	<u>BAND B</u>	<u>BAND C</u>	<u>BAND D</u>	<u>BAND E</u>	<u>BAND F</u>	<u>BAND G</u>	<u>BAND H</u>	<u>BAND I</u>	
<u>PRECEPT</u>	<u>PRECEPT</u>											
£	£	£	£	£	£	£	£	£	£	£	£	
ABERWHEELER	1,159.35	15.91	1,175.26	783.51	914.09	1,044.68	1,175.26	1,436.43	1,697.60	1,958.77	2,350.52	2,742.27
BETWS G G	1,159.35	17.70	1,177.05	784.70	915.48	1,046.27	1,177.05	1,438.62	1,700.18	1,961.75	2,354.10	2,746.45
BODELWYDDAN	1,159.35	64.70	1,224.05	816.03	952.04	1,088.04	1,224.05	1,496.06	1,768.07	2,040.08	2,448.10	2,856.12
BODFARI	1,159.35	15.22	1,174.57	783.05	913.55	1,044.06	1,174.57	1,435.59	1,696.60	1,957.62	2,349.14	2,740.66
BRYNEGLWYS	1,159.35	32.76	1,192.11	794.74	927.20	1,059.65	1,192.11	1,457.02	1,721.94	1,986.85	2,384.22	2,781.59
CEFN MEIRIADOG	1,159.35	17.28	1,176.63	784.42	915.16	1,045.89	1,176.63	1,438.10	1,699.58	1,961.05	2,353.26	2,745.47
CLOCAENOG	1,159.35	30.00	1,189.35	792.90	925.05	1,057.20	1,189.35	1,453.65	1,717.95	1,982.25	2,378.70	2,775.15
CORWEN	1,159.35	34.69	1,194.04	796.03	928.70	1,061.37	1,194.04	1,459.38	1,724.72	1,990.07	2,388.08	2,786.09
CYFYLLIOG	1,159.35	26.00	1,185.35	790.23	921.94	1,053.64	1,185.35	1,448.76	1,712.17	1,975.58	2,370.70	2,765.82
CYNWYD	1,159.35	13.00	1,172.35	781.57	911.83	1,042.09	1,172.35	1,432.87	1,693.39	1,953.92	2,344.70	2,735.48
DENBIGH	1,159.35	57.00	1,216.35	810.90	946.05	1,081.20	1,216.35	1,486.65	1,756.95	2,027.25	2,432.70	2,838.15
DERWEN	1,159.35	26.00	1,185.35	790.23	921.94	1,053.64	1,185.35	1,448.76	1,712.17	1,975.58	2,370.70	2,765.82
DYSERTH	1,159.35	33.14	1,192.49	794.99	927.49	1,059.99	1,192.49	1,457.49	1,722.49	1,987.48	2,384.98	2,782.48
EFENECHTYD	1,159.35	14.95	1,174.30	782.87	913.34	1,043.82	1,174.30	1,435.26	1,696.21	1,957.17	2,348.60	2,740.03
GWYDDELWERN	1,159.35	16.00	1,175.35	783.57	914.16	1,044.76	1,175.35	1,436.54	1,697.73	1,958.92	2,350.70	2,742.48
HENLLAN	1,159.35	22.00	1,181.35	787.57	918.83	1,050.09	1,181.35	1,443.87	1,706.39	1,968.92	2,362.70	2,756.48
LLANARMON YN IAL	1,159.35	30.82	1,190.17	793.45	925.69	1,057.93	1,190.17	1,454.65	1,719.13	1,983.62	2,380.34	2,777.06
LLANBEDR D C	1,159.35	10.68	1,170.03	780.02	910.02	1,040.03	1,170.03	1,430.04	1,690.04	1,950.05	2,340.06	2,730.07
LLANDEGLA	1,159.35	20.48	1,179.83	786.55	917.65	1,048.74	1,179.83	1,442.01	1,704.20	1,966.38	2,359.66	2,752.94
LLANDRILLO	1,159.35	19.74	1,179.09	786.06	917.07	1,048.08	1,179.09	1,441.11	1,703.13	1,965.15	2,358.18	2,751.21
LLANDYRNNOG	1,159.35	21.25	1,180.60	787.07	918.24	1,049.42	1,180.60	1,442.96	1,705.31	1,967.67	2,361.20	2,754.73
LLANELIDAN	1,159.35	24.00	1,183.35	788.90	920.38	1,051.87	1,183.35	1,446.32	1,709.28	1,972.25	2,366.70	2,761.15
LLANFAIR DC	1,159.35	14.01	1,173.36	782.24	912.61	1,042.99	1,173.36	1,434.11	1,694.85	1,955.60	2,346.72	2,737.84
LLANFERRES	1,159.35	20.23	1,179.58	786.39	917.45	1,048.52	1,179.58	1,441.71	1,703.84	1,965.97	2,359.16	2,752.35
LLANGOLLEN TOWN	1,159.35	54.16	1,213.51	809.01	943.84	1,078.68	1,213.51	1,483.18	1,752.85	2,022.52	2,427.02	2,831.52
LLANGYNHAFAL	1,159.35	4.45	1,163.80	775.87	905.18	1,034.49	1,163.80	1,422.42	1,681.04	1,939.67	2,327.60	2,715.53
LLANRHAADR Y C	1,159.35	24.00	1,183.35	788.90	920.38	1,051.87	1,183.35	1,446.32	1,709.28	1,972.25	2,366.70	2,761.15
LLANTYSILIO	1,159.35	38.34	1,197.69	798.46	931.54	1,064.61	1,197.69	1,463.84	1,730.00	1,996.15	2,395.38	2,794.61
LLANYNYS	1,159.35	24.00	1,183.35	788.90	920.38	1,051.87	1,183.35	1,446.32	1,709.28	1,972.25	2,366.70	2,761.15
NANTGLYN	1,159.35	30.72	1,190.07	793.38	925.61	1,057.84	1,190.07	1,454.53	1,718.99	1,983.45	2,380.14	2,776.83
PRESTATYN	1,159.35	60.49	1,219.84	813.23	948.76	1,084.30	1,219.84	1,490.92	1,761.99	2,033.07	2,439.68	2,846.29
RHUDDLAN	1,159.35	29.71	1,189.06	792.71	924.82	1,056.94	1,189.06	1,453.30	1,717.53	1,981.77	2,378.12	2,774.47
RHYL	1,159.35	53.52	1,212.87	808.58	943.34	1,078.11	1,212.87	1,482.40	1,751.92	2,021.45	2,425.74	2,830.03
RUTHIN	1,159.35	51.43	1,210.78	807.19	941.72	1,076.25	1,210.78	1,479.84	1,748.90	2,017.97	2,421.56	2,825.15
ST ASAPH	1,159.35	42.49	1,201.84	801.23	934.76	1,068.30	1,201.84	1,468.92	1,735.99	2,003.07	2,403.68	2,804.29
TREFNANT	1,159.35	14.49	1,173.84	782.56	912.99	1,043.41	1,173.84	1,434.69	1,695.55	1,956.40	2,347.68	2,738.96
TREMEIRCHION	1,159.35	16.26	1,175.61	783.74	914.36	1,044.99	1,175.61	1,436.86	1,698.10	1,959.35	2,351.22	2,743.09

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DENBIGHSHIRE COUNCIL COUNCILAppendix C

	<u>COUNTY</u> <u>PRECEPT</u>	<u>COMMUNITY</u> <u>PRECEPT</u>	<u>POLICE</u> <u>PRECEPT</u>	<u>TOTAL</u>	<u>BAND A</u>	<u>BAND B</u>	<u>BAND C</u>	<u>BAND D</u>	<u>BAND E</u>	<u>BAND F</u>	<u>BAND G</u>	<u>BAND H</u>	<u>BAND I</u>
	£	£	£	£	£	£	£	£	£	£	£	£	£
ABERWHEELER	1,159.35	15.91	240.12	1,415.38	943.59	1,100.85	1,258.12	1,415.38	1,729.91	2,044.44	2,358.97	2,830.76	3,302.55
BETWS G G	1,159.35	17.70	240.12	1,417.17	944.78	1,102.24	1,259.71	1,417.17	1,732.10	2,047.02	2,361.95	2,834.34	3,306.73
BODELWYDDAN	1,159.35	64.70	240.12	1,464.17	976.11	1,138.80	1,301.48	1,464.17	1,789.54	2,114.91	2,440.28	2,928.34	3,416.40
BODFARI	1,159.35	15.22	240.12	1,414.69	943.13	1,100.31	1,257.50	1,414.69	1,729.07	2,043.44	2,357.82	2,829.38	3,300.94
BRYNEGLWYS	1,159.35	32.76	240.12	1,432.23	954.82	1,113.96	1,273.09	1,432.23	1,750.50	2,068.78	2,387.05	2,864.46	3,341.87
CEFN MEIRIADOG	1,159.35	17.28	240.12	1,416.75	944.50	1,101.92	1,259.33	1,416.75	1,731.58	2,046.42	2,361.25	2,833.50	3,305.75
CLOCAENOG	1,159.35	30.00	240.12	1,429.47	952.98	1,111.81	1,270.64	1,429.47	1,747.13	2,064.79	2,382.45	2,858.94	3,335.43
CORWEN	1,159.35	34.69	240.12	1,434.16	956.11	1,115.46	1,274.81	1,434.16	1,752.86	2,071.56	2,390.27	2,868.32	3,346.37
CYFYLLIOG	1,159.35	26.00	240.12	1,425.47	950.31	1,108.70	1,267.08	1,425.47	1,742.24	2,059.01	2,375.78	2,850.94	3,326.10
CYNWYD	1,159.35	13.00	240.12	1,412.47	941.65	1,098.59	1,255.53	1,412.47	1,726.35	2,040.23	2,354.12	2,824.94	3,295.76
DENBIGH	1,159.35	57.00	240.12	1,456.47	970.98	1,132.81	1,294.64	1,456.47	1,780.13	2,103.79	2,427.45	2,912.94	3,398.43
DERWEN	1,159.35	26.00	240.12	1,425.47	950.31	1,108.70	1,267.08	1,425.47	1,742.24	2,059.01	2,375.78	2,850.94	3,326.10
DYSERTH	1,159.35	33.14	240.12	1,432.61	955.07	1,114.25	1,273.43	1,432.61	1,750.97	2,069.33	2,387.68	2,865.22	3,342.76
EFENECHTYD	1,159.35	14.95	240.12	1,414.42	942.95	1,100.10	1,257.26	1,414.42	1,728.74	2,043.05	2,357.37	2,828.84	3,300.31
GWYDDELWERN	1,159.35	16.00	240.12	1,415.47	943.65	1,100.92	1,258.20	1,415.47	1,730.02	2,044.57	2,359.12	2,830.94	3,302.76
HENLLAN	1,159.35	22.00	240.12	1,421.47	947.65	1,105.59	1,263.53	1,421.47	1,737.35	2,053.23	2,369.12	2,842.94	3,316.76
LLANARMON YN IAL	1,159.35	30.82	240.12	1,430.29	953.53	1,112.45	1,271.37	1,430.29	1,748.13	2,065.97	2,383.82	2,860.58	3,337.34
LLANBEDR D C	1,159.35	10.68	240.12	1,410.15	940.10	1,096.78	1,253.47	1,410.15	1,723.52	2,036.88	2,350.25	2,820.30	3,290.35
LLANDEGLA	1,159.35	20.48	240.12	1,419.95	946.63	1,104.41	1,262.18	1,419.95	1,735.49	2,051.04	2,366.58	2,839.90	3,313.22
LLANDRILLO	1,159.35	19.74	240.12	1,419.21	946.14	1,103.83	1,261.52	1,419.21	1,734.59	2,049.97	2,365.35	2,838.42	3,311.49
LLANDYRNOG	1,159.35	21.25	240.12	1,420.72	947.15	1,105.00	1,262.86	1,420.72	1,736.44	2,052.15	2,367.87	2,841.44	3,315.01
LLANELIDAN	1,159.35	24.00	240.12	1,423.47	948.98	1,107.14	1,265.31	1,423.47	1,739.80	2,056.12	2,372.45	2,846.94	3,321.43
LLANFAIR DC	1,159.35	14.01	240.12	1,413.48	942.32	1,099.37	1,256.43	1,413.48	1,727.59	2,041.69	2,355.80	2,826.96	3,298.12
LLANFERRES	1,159.35	20.23	240.12	1,419.70	946.47	1,104.21	1,261.96	1,419.70	1,735.19	2,050.68	2,366.17	2,839.40	3,312.63
LLANGOLLEN TOWN	1,159.35	54.16	240.12	1,453.63	969.09	1,130.60	1,292.12	1,453.63	1,776.66	2,099.69	2,422.72	2,907.26	3,391.80
LLANGYNHAFAL	1,159.35	4.45	240.12	1,403.92	935.95	1,091.94	1,247.93	1,403.92	1,715.90	2,027.88	2,339.87	2,807.84	3,275.81
LLANRHAADR Y C	1,159.35	24.00	240.12	1,423.47	948.98	1,107.14	1,265.31	1,423.47	1,739.80	2,056.12	2,372.45	2,846.94	3,321.43
LLANTYSILIO	1,159.35	38.34	240.12	1,437.81	958.54	1,118.30	1,278.05	1,437.81	1,757.32	2,076.84	2,396.35	2,875.62	3,354.89
LLANYNYS	1,159.35	24.00	240.12	1,423.47	948.98	1,107.14	1,265.31	1,423.47	1,739.80	2,056.12	2,372.45	2,846.94	3,321.43
NANTGLYN	1,159.35	30.72	240.12	1,430.19	953.46	1,112.37	1,271.28	1,430.19	1,748.01	2,065.83	2,383.65	2,860.38	3,337.11
PRESTATYN	1,159.35	60.49	240.12	1,459.96	973.31	1,135.52	1,297.74	1,459.96	1,784.40	2,108.83	2,433.27	2,919.92	3,406.57
RHUDDLAN	1,159.35	29.71	240.12	1,429.18	952.79	1,111.58	1,270.38	1,429.18	1,746.78	2,064.37	2,381.97	2,858.36	3,334.75
RHYL	1,159.35	53.52	240.12	1,452.99	968.66	1,130.10	1,291.55	1,452.99	1,775.88	2,098.76	2,421.65	2,905.98	3,390.31
RUTHIN	1,159.35	51.43	240.12	1,450.90	967.27	1,128.48	1,289.69	1,450.90	1,773.32	2,095.74	2,418.17	2,901.80	3,385.43
ST ASAPH	1,159.35	42.49	240.12	1,441.96	961.31	1,121.52	1,281.74	1,441.96	1,762.40	2,082.83	2,403.27	2,883.92	3,364.57
TREFNANT	1,159.35	14.49	240.12	1,413.96	942.64	1,099.75	1,256.85	1,413.96	1,728.17	2,042.39	2,356.60	2,827.92	3,299.24
TREMEIRCHION	1,159.35	16.26	240.12	1,415.73	943.82	1,101.12	1,258.43	1,415.73	1,730.34	2,044.94	2,359.55	2,831.46	3,303.37

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<b>Report To:</b>	Council
<b>Date of Meeting:</b>	23 February 2016
<b>Lead Member / Officer:</b>	Cllr Julian Thompson-Hill
<b>Report Author:</b>	Chief Finance Officer
<b>Title:</b>	Treasury Management Strategy Statement (TMSS) 2016/17 and Prudential Indicators 2016/17 to 2018/19 (Appendix 1)

## **1 What is the report about?**

- 1.1 The TMSS (Appendix 1) shows how the Council will manage its investments and its borrowing for the coming year and sets the policies within which the Treasury Management (TM) function operates. The report also outlines the likely impact of the Corporate Plan on this strategy and on the Prudential Indicators.

## **2 What is the reason for making this report?**

- 2.1 The Chartered Institute of Public Finance and Accountancy's Code of Practice on Treasury Management (the "CIPFA TM Code") requires the Council to approve the TMSS and Prudential Indicators annually. A decision is required therefore to approve the recommendations below.

## **3 What are the Recommendations?**

- 3.1 That Council approves the TMSS for 2016/17 (Appendix 1).
- 3.2 That Council approves the setting of Prudential Indicators for 2016/17, 2017/18 and 2018/19 (Appendix 1 Annex A).
- 3.3 That Council approves the Minimum Revenue Provision Statement (Appendix 1 Section 6).

## **4 Report details**

### **Background**

- 4.1 TM involves looking after the Council's cash which is a vital part of the Council's work because approximately £0.5bn passes through the Council's bank account every year.

- 4.2 At any one time, the Council has at least £10m in cash so we need to make sure that we achieve the best rate of return possible without putting the cash at risk which is why we invest money with a number of financial institutions.

When investing, the Council's priorities are to:

- keep money safe (security);
- make sure that we get the money back when we need it (liquidity);
- make sure we get a decent rate of return (yield).

### **TMSS 2016/17**

- 4.3 The TMSS for 2016/17 is set out in Appendix 1. This report includes Prudential Indicators which set limits on the Council's TM activity and demonstrate that the Council's borrowing is affordable.

#### **Prudential Indicators:**

- 4.4 The Council Fund indicators are based on the latest Capital Plan.
- 4.5 The Housing Revenue Account indicators have been calculated based on the latest Housing Stock Business Plan.
- 4.6 The individual Prudential Indicators recommended for approval are set out in Appendix 1 Annex A.

### **5 How does the decision contribute to the Corporate Priorities?**

- 5.1 An efficient TM strategy allows the Council to minimise its borrowing costs and release funding for its investment priorities.

### **6 What will it cost and how will it affect other services?**

- 6.1 There are no cost implications arising as a result of the setting of Prudential Indicators. The point of the TM Strategy is to obtain the best return within a properly managed risk framework.

### **7 What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision?**

- 7.1 This is not required as a part of this report.

### **8 What consultations have been carried out?**

- 8.1 The Council's Capital Plan and Revenue Budget have been prepared in consultation with Heads of Service, Corporate Directors, Scrutiny Committees, Cabinet and Council.
- 8.2 The Housing Stock Business Plan, revenue and capital budgets will be presented to members. Denbighshire Tenants and Residents Federation will also be consulted on the proposals.

8.3 The Strategy Statement was reviewed by the Corporate Governance Committee on 27 January 2016.

8.4 The Council has consulted with its TM consultants, Arlingclose Ltd.

## **9 Chief Finance Officer Statement**

9.1 TM involves looking after significant sums of cash so it is a vital part of the Council's work. It requires a sound strategy and appropriate controls to safeguard the Council's money, to ensure that reasonable returns on investments are achieved and that debt is effectively and prudently managed.

9.2 Council adopted the revised CIPFA Code of Practice on TM (Nov 11) at its meeting on 28 February 2012. It is a requirement of that Code for Council to approve a TMSS each financial year.

## **10 What risks are there and is there anything we can do to reduce them?**

10.1 TM is inherently risky as outlined in the Strategy Statement. The Council has a risk management policy but it is impossible to eliminate these risks completely.

## **11 Power to make the Decision**

11.1 The Local Government Act 2003 determines the requirement for local authorities to set Prudential Indicators and requires the Council to comply with the Prudential Code of Capital Finance for Local Authorities that has been produced by the Chartered Institute of Public Finance and Accountancy (CIPFA).

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**Denbighshire County Council**

**Treasury Management Strategy Statement  
and Investment Strategy 2016/17 to 2018/19**

**Contents**

- 1. Background**
- 2. Treasury Position**
- 3. Investment Strategy**
- 4. Borrowing Strategy**
- 5. Debt Rescheduling**
- 6. MRP Statement 2016/17**
- 7. Reporting Treasury Management Activity**
- 8. Other Items**

**Annexes**

- A. Prudential Indicators**
- B. Interest Rate Outlook**
- C. Glossary**

## **Treasury Management Strategy Statement and Investment Strategy 2016/17 to 2018/19**

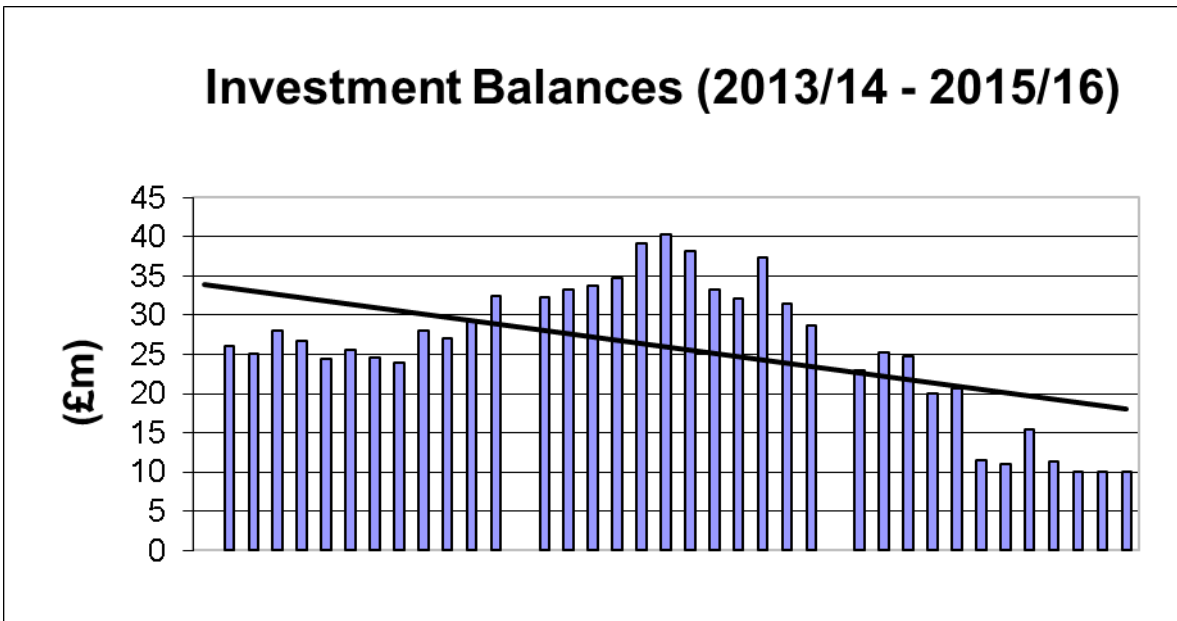
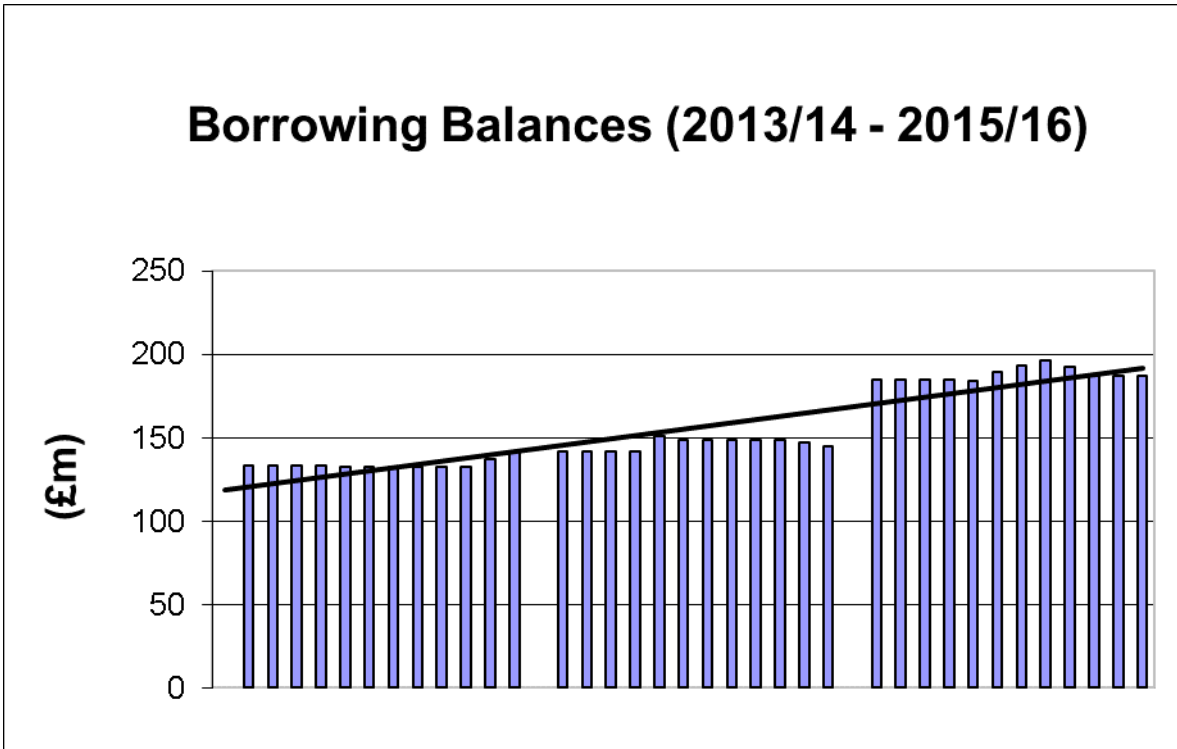
### **1 Background**

- 1.1 The Council is responsible for its Treasury Management decisions and activity which involves looking after the Council's cash. This is a vital part of the Council's work because approximately £0.5bn passes through the Council's bank account every year.
- 1.2 On 28 February 2012 the Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy statement (TMSS) before the start of each financial year.
- 1.3 In addition, the Welsh Government (WG) issued revised *Guidance on Local Authority Investments* in March 2010 that requires the Authority to approve an investment strategy before the start of each financial year.
- 1.4 This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the WG Guidance.
- 1.5 The purpose of the TMSS is to set the:
  - Treasury Management Strategy for 2016/17
  - Annual Investment Strategy for 2016/17
  - Prudential Indicators for 2016/17, 2017/18 and 2018/19 (**Annex A**)
  - Minimum Revenue Provision (MRP) Statement

### **2 Treasury Position**

- 2.1 The levels of the Council's borrowing and investment balances over the last three years are shown in the graphs below. The first chart shows the Council's borrowing has increased over the course of the last twelve months because we borrowed £40m from the Public Works Loan Board (PWLB) on 02/04/15 to buy ourselves out of the subsidy scheme to become self-financing. The second chart shows a decrease in the amount of money we have to invest because we terminated the PFI contract on the Council offices in Ruthin on 04/09/15 and as planned, we used a significant proportion of our investment balances to achieve this.

**Treasury Management Strategy Statement  
and Investment Strategy 2016/17 to 2018/19**



**3 Investment Strategy**

3.1 Both the CIPFA Code and the WG Guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority’s objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

## Treasury Management Strategy Statement and Investment Strategy 2016/17 to 2018/19

- 3.2 Given the increasing risk and continued low returns from short-term unsecured bank investments, the Authority will consider more secure investments such as reverse repurchase agreements (REPOs) and covered bonds as detailed in paragraph 3.3 below.
- 3.3 The Authority may invest its surplus funds with any of the counterparty types in table 1 below, subject to the cash limits (per counterparty) and the time limits shown.

**Table 1: Approved Investment Counterparties and Limits**

Credit Rating	Banks / Building Societies Unsecured	Banks / Building Societies Secured	Government / Local Authorities	Corporates	Registered Providers
UK Govt	n/a	n/a	£Unlimited 50 years	n/a	n/a
AAA	£5m 5 years	£10m 20 years	£8m 50 years	£5m 20 years	£5m 20 years
AA+	£5m 5 years	£10m 10 years	£8m 25 years	£5m 10 years	£5m 10 years
AA	£5m 4 years	£10m 5 years	£8m 15 years	£5m 5 years	£5m 10 years
AA-	£5m 3 years	£10m 4 years	£8m 10 years	£5m 4 years	£5m 10 years
A+	£5m 2 years	£10m 3 years	£8m 5 years	£5m 3 years	£5m 5 years
A	£5m 13 months	£10m 2 years	£8m 5 years	£5m 2 years	£5m 5 years
A-	£5m 6 months	£10m 13 months	£8m 5 years	£5m 13 months	£5m 5 years
BBB+	£5m 100 days	£10m 6 months	£8m 2 years	£5m 6 months	£5m 2 years
BBB or BBB-	£5m next day only	£10m 100 days	n/a	n/a	n/a
None	£1m 6 months	n/a	£8m 25 years	£5m 5 years	£5m 5 years
Pooled funds	£8m per fund				

**Credit Rating:** Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used.

**Banks Unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss

## Treasury Management Strategy Statement and Investment Strategy 2016/17 to 2018/19

via a bail-in should the regulator determine that the bank is failing or likely to fail. Unsecured investment with banks rated BBB or BBB- are restricted to overnight deposits at the Authority's current account bank [Natwest Bank Plc].

**Banks Secured:** Covered bonds, reverse repurchase agreements (REPOs) and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in.

**Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

**Corporates:** Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely.

**Registered Providers:** Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations. These bodies are tightly regulated by the Welsh Government and, as providers of public services, they retain a high likelihood of receiving government support if needed.

**Pooled Funds:** Shares in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts.

- 3.4 Natwest is the Council's banker and will continue to be used for operational and liquidity purposes by transferring cash in and out of the instant access account as required even if its credit rating falls below those shown in the table above.
- 3.5 For a group of banks under the same ownership, the banking group limit is equal to the individual bank limit.
- 3.6 Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

## Treasury Management Strategy Statement and Investment Strategy 2016/17 to 2018/19

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

3.7 The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices (the cost of banks insuring themselves against default), financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

3.8 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

The reduction in investment income which the Council has suffered over the last seven years due to the historically low level of the official bank rate at 0.5% is illustrated in Table 2 below:

**Table 2: Investment Income**

2008/09 Interest £000	2009/10 Interest £000	2010/11 Interest £000	2011/12 Interest £000	2012/13 Interest £000	2013/14 Interest £000	2014/15 Interest £000
2,219	635	398	408	239	265	230

3.9 **Specified Investments:** The WG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
  - the UK Government,

## Treasury Management Strategy Statement and Investment Strategy 2016/17 to 2018/19

- a UK local authority, parish council or community council, or
- a body or investment scheme of “high credit quality”.

The Authority defines “high credit quality” organisations as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher.

- 3.10 **Non-specified Investments:** Any investment not meeting the definition of a specified investment is classed as non-specified. The Authority does not intend to make any investments denominated in foreign currencies. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement; those that are defined as capital expenditure by legislation, such as shares in money market funds and other pooled funds; and investments with bodies and schemes not meeting the definition of high credit quality. Limits on non-specified investments are shown in table 3 below.

**Table 3: Non-Specified Investment Limits**

	<b>Cash limit</b>
Total long-term investments	£10m
Total shares in money market funds	£10m
Total shares in other pooled funds	£10m
Total investments without credit ratings or rated below A-	£60m
Total investments in foreign countries rated below AA+	£10m
Total non-specified investments	£100m

## 4 **Borrowing Strategy**

- 4.1 Borrowing strategies continue to be influenced by the relationship between investment and borrowing rates. The interest rate forecast provided in **Annex B** indicates that an acute difference between investment and borrowing rates is expected to continue. This difference creates a “cost of carry” for any new longer term borrowing where the proceeds are temporarily held as investments because of the difference between what is paid on the borrowing and what is earned on the investment.
- 4.2 In view of this, the strategy which has been in place for some time now has been to reduce our investment balances and rely on internal borrowing as much as possible instead of external borrowing from the Public Works Loan Board (PWLB).
- 4.3 However, the Welsh Government concluded negotiations last year with HM Treasury regarding the reform of the HRA subsidy system in Wales so we

## **Treasury Management Strategy Statement and Investment Strategy 2016/17 to 2018/19**

borrowed £40m from the Public Works Loan Board (PWLB) on 02/04/15 to buy ourselves out of the subsidy scheme to become self-financing.

- 4.4 We also terminated the PFI contract on the Council offices in Ruthin on 04/09/15 and as planned, we used a significant proportion of our investment balances to achieve this by buying ourselves out of the PFI agreement. We have been accessing temporary borrowing from other local authorities at very low rates to cover short-term cash flow requirements. We will also be borrowing at discounted rates from the PWLB to fund our 21<sup>st</sup> century schools capital programme.
- 4.5 We will continue to undertake temporary borrowing from other local authorities as this is a good source of readily available cash at historically low rates varying between 0.3% and 0.5%. At the same time, we will also continue to monitor our cash position and interest rate levels to ensure that we undertake long term borrowing from the PWLB at the optimal time to fund our on-going Capital commitments.
- 4.6 While the Council can borrow from a number of banks, it normally only borrows from the Public Works Loan Board (PWLB) which is a Government body that lends to public sector organisations.

The approved sources of borrowing are listed below:

- PWLB and any successor body
- any institution approved for investments
- any other bank or building society authorised to operate in the UK
- UK public and private sector pension funds (except Clwyd Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

### **5 Debt Rescheduling**

- 5.1 The Council is able to pay off loans earlier than we have to and to replace them with cheaper loans in order to save money or to reduce the risk to the Council. Sometimes, we will replace these loans and sometimes not, depending on market conditions and interest rates.
- 5.2 The lower interest rate environment and changes in the rules regarding the premature repayment of PWLB loans has adversely affected the scope to undertake meaningful debt rescheduling although occasional opportunities arise.



## **Treasury Management Strategy Statement and Investment Strategy 2016/17 to 2018/19**

### **6 Minimum Revenue Provision (MRP) Statement**

- 6.1 The Council sets aside money each year to repay debt and this is known as the Minimum Revenue Provision (MRP).
- 6.2 There are four different methods of calculating MRP and the Council needs to say each year which methods it will use. This is known as the MRP Statement.
- 6.3 The MRP Statement will be submitted to Council before the start of the 2015/16 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement will be put to Council at that time.

#### **6.4 MRP Statement**

The Council will apply the Regulatory Method for supported capital expenditure which means that MRP is charged at 4% of the Council's Capital Financing Requirement (CFR).

The Council will apply the Asset Life Method for unsupported capital expenditure which means that MRP is determined by the life of the asset for which the borrowing is undertaken.

The different methods of calculation will affect how much money the Council sets aside for debt repayment. The above statement means that where the Welsh Government gives us the money to repay debt we will repay it at 4% of whatever is outstanding. Where we borrow through Prudential Borrowing we will charge an amount that lets us repay the debt over the expected life of the asset.

- 6.5 Adopting International Financial Reporting Standards (IFRS) has resulted in leases and Private Finance Initiative (PFI) schemes coming on the balance sheet. This affects how much it appears the Council has borrowed but this is effectively covered by grant payments. MRP in respect of leases and PFI schemes brought on the balance sheet under IFRS will match the annual principal repayment for the associated deferred liability. This is a technical accounting adjustment which is cost neutral for the Council.
- 6.6 MRP on housing assets funded through Prudential Borrowing is charged at 5% of the HRA's CFR. MRP on all other items such as the buy-out (see Section 8) and new builds is charged at 2% of the HRA's CFR.

### **7 Reporting Treasury Management Activity**

- 7.1 The Section 151 Officer (Chief Finance Officer) will report to the Corporate Governance Committee on treasury management activity / performance as follows:

## **Treasury Management Strategy Statement and Investment Strategy 2016/17 to 2018/19**

(a) The Treasury Management Strategy Statement and Prudential Indicators will be submitted to the committee in January each year prior to approval by Council.

(b) Two treasury management updates will be submitted to the committee in January and September each year.

(c) An annual report on treasury activity will be submitted to the committee in September each year for the preceding year prior to approval by Cabinet. A treasury update showing the latest investment and borrowing position will be included in the monthly Revenue Monitoring report and borrowing will also be reported on in the Capital Plan to Council.

### **8 Other items**

#### **8.1 Investment Training**

##### **8.1.1 Member Training**

The CIPFA Code of Practice on Treasury Management requires the Section 151 Officer to ensure that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities.

The Council has nominated the Corporate Governance Committee as the committee which has responsibility for scrutiny of the treasury management function. Annual training requirements will be agreed with the Corporate Governance Committee.

##### **8.1.2 Staff Training**

Staff attend training courses, seminars and conferences provided by Arlingclose and CIPFA. There is a team of three members of staff who cover TM duties on a rota basis to ensure that their knowledge is kept up to date. These members of staff are also members of professional accountancy bodies including the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Association of Accounting Technicians (AAT).

#### **8.2 Treasury Management Advisers**

The Council uses Arlingclose Ltd as Treasury Management Advisers and receives the following services:

- Credit advice
- Investment advice
- Borrowing advice
- Technical accounting advice
- Economic & interest rate forecasts
- Workshops and training events

## **Treasury Management Strategy Statement and Investment Strategy 2016/17 to 2018/19**

The Council maintains the quality of the service with its advisers by holding quarterly strategy meetings and tendering every 5 years. Following a tendering exercise, the contract was renewed with Arlingclose from 01 January 2014 for three years with an option to extend for a further two year period.

### **8.3 Investment of Money Borrowed in Advance of Need**

The Authority may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Authority is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Authority's overall management of its treasury risks.

The total amount borrowed will not exceed the authorised borrowing limit of £250 million. The maximum period between borrowing and expenditure is expected to be three years, although the Authority is not required to link particular loans with particular items of expenditure.

### **8.4 Policy on Use of Financial Derivatives**

In the absence of any legal power to do so, the Authority will not use standalone financial derivatives (such as swaps, forwards, futures and options). Derivatives embedded into loans and investments, including pooled funds and forward starting transactions, may be used, and the risks that they present will be managed in line with the overall treasury risk management strategy.

### **8.5 Abolition of the PWLB**

The Department of Communities and Local Government (CLG) has confirmed that HM Treasury (HMT) will be taking the necessary legislative steps to abolish the PWLB. The CLG has stated that it will have no impact on existing loans held by local authorities or the government's policy on local authority borrowing. Despite its abolition, HMT has confirmed that its lending functions will continue unaffected albeit under a different body so that local authorities will continue to access borrowing at rates which offer good value for money. There is a consultation due but HMT hasn't released further details on this matter.

**Treasury Management Strategy Statement  
and Investment Strategy 2016/17 to 2018/19**

**ANNEX A**

**PRUDENTIAL INDICATORS 2016/17 TO 2018/19**

**1 Background**

1.1 The indicators are calculated to demonstrate that the Council's borrowing is affordable and are underpinned by the following regulations. There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators.

**2 Gross Debt and the Capital Financing Requirement**

2.1 This is a key indicator of prudence. In order to ensure that over the medium term debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional increases to the capital financing requirement for the current and next two financial years.

2.2 The Section 151 Officer reports that the Council had no difficulty meeting this requirement in 2014/15 to date nor are there any difficulties envisaged in future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

**3 Estimates of Capital Expenditure**

3.1 This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax and in the case of the HRA, housing rent levels.

<b>Capital Expenditure</b>	<b>2015/16 Approved £000</b>	<b>2015/16 Revised £000</b>	<b>2016/17 Estimate £000</b>	<b>2017/18 Estimate £000</b>	<b>2018/19 Estimate £000</b>
Council Fund	16,254	22,458	9,860	5,039	5,039
Corporate Plan – Approved	18,656	24,999	12,617	5,008	454
Corporate Plan – Proposed	12,226	199	17,316	24,744	23,164
HRA	47,059	45,322	11,768	9,470	10,280
<b>Total</b>	<b>94,195</b>	<b>92,978</b>	<b>51,561</b>	<b>44,261</b>	<b>38,937</b>

The Corporate Plan has been divided in the table above between those elements which have been approved and those which are proposed at this stage. The indicators below incorporate both elements of the Corporate Plan.

## Treasury Management Strategy Statement and Investment Strategy 2016/17 to 2018/19

3.2 Capital expenditure will be financed as follows:

<b>Capital Financing</b>	<b>2015/16 Approved £000</b>	<b>2015/16 Revised £000</b>	<b>2016/17 Estimate £000</b>	<b>2017/18 Estimate £000</b>	<b>2018/19 Estimate £000</b>
<b>Council Fund</b>					
Capital Receipts	296	1,501	888	0	0
Grants & Contributions	3,720	7,769	2,485	1,842	1,842
Revenue Contributions & Reserves	807	1,317	1,595	0	0
Supported Borrowing	4,701	5,403	3,452	3,026	3,026
Prudential Borrowing	6,730	6,468	1,440	171	171
	<b>16,254</b>	<b>22,458</b>	<b>9,860</b>	<b>5,039</b>	<b>5,039</b>
<b>Corporate Plan</b>					
Capital Receipts	0	0	0	250	0
Grants & Contributions	10,464	3,003	10,270	19,945	17,165
Revenue Contributions & Reserves	11,740	11,205	4,621	2,440	714
Supported Borrowing	0	0	0	0	0
Prudential Borrowing	8,678	10,990	15,042	7,117	5,739
	<b>30,882</b>	<b>25,198</b>	<b>29,933</b>	<b>29,752</b>	<b>23,618</b>
<b>Total</b>	<b>47,136</b>	<b>47,656</b>	<b>39,793</b>	<b>34,791</b>	<b>28,657</b>
<b>HRA</b>					
Capital Receipts	22	68	23	24	24
Grants & Contributions	2,400	2,410	2,410	3,128	3,143
Revenue Contributions & Reserves	2,673	1,673	1,821	1,429	1,825
Supported Borrowing	39,176	0	0	0	0
Prudential Borrowing	2,788	41,171	7,514	4,889	5,288
<b>Total</b>	<b>47,059</b>	<b>45,322</b>	<b>11,768</b>	<b>9,470</b>	<b>10,280</b>

#### 4 Ratio of Financing Costs to Net Revenue Stream

4.1 This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs. It shows how much of its budget the Council uses to repay debt and interest.

## Treasury Management Strategy Statement and Investment Strategy 2016/17 to 2018/19

4.2 The ratio is based on costs net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2015/16 Approved £000	2015/16 Revised £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000
Financing Costs	13,268	12,945	12,445	11,945	11,945
Net Revenue Stream	184,756	180,764	185,056	182,104	179,312
<b>Council Fund Ratio</b>	<b>7.18%</b>	<b>7.16%</b>	<b>6.73%</b>	<b>6.56%</b>	<b>6.66%</b>
Financing Costs	4,916	5,884	6,016	6,562	6,905
Net Revenue Stream	13,609	13,183	13,620	13,947	14,361
<b>HRA Ratio</b>	<b>36.12%</b>	<b>44.63%</b>	<b>44.17%</b>	<b>47.05%</b>	<b>48.08%</b>

Note that the HRA ratio has increased because of the increased borrowing costs which have been incurred to buy ourselves out of the subsidy system but as a result of this buy-out, subsidy payments will no longer be due so the Council will benefit overall. The estimated subsidy payment in 2014/15 was £3.3m so the increase in financing costs should be considered alongside the removal of the requirement to pay the subsidy.

## 5 Capital Financing Requirement

5.1 The Capital Plan relies on various sources of finance i.e. grants, contributions and capital receipts. Once these are used up, we need to rely on borrowing and the Capital Financing Requirement (CFR) is the amount we need to borrow. Our borrowing shouldn't therefore go above the CFR. The Council's CFR and borrowing levels are compared in the table below for the current and future years.

Capital Financing Requirement	31/03/16 Approved £000	31/03/16 Revised £000	31/03/17 Estimate £000	31/03/18 Estimate £000	31/03/19 Estimate £000
Council Fund	165,601	166,581	180,481	184,836	187,996
HRA	69,054	67,037	71,958	73,969	76,113
PFI	10,058	10,058	10,058	10,058	10,058
<b>Total CFR</b>	<b>244,713</b>	<b>243,676</b>	<b>262,497</b>	<b>268,863</b>	<b>274,167</b>
<b>Total Debt</b>	<b>213,194</b>	<b>191,165</b>	<b>201,059</b>	<b>211,859</b>	<b>217,802</b>

## 6 Incremental Impact of Capital Investment Decisions

6.1 This indicator shows how much of the Council Tax income is spent on paying debt interest.

## Treasury Management Strategy Statement and Investment Strategy 2016/17 to 2018/19

Incremental Impact of Capital Investment Decisions	2015/16 Approved £	2016/17 Estimate £	2017/18 Estimate £	2018/19 Estimate £
Increase in Band D Council Tax due to:				
Prudential Borrowing	5.49	6.00	2.63	2.63
Capital Receipts	0.11	0.00	0.00	0.00
Reserves	3.17	2.79	0.00	0.00
<b>Total</b>	<b>8.77</b>	<b>8.79</b>	<b>2.63</b>	<b>2.63</b>
Average Weekly Housing Rents	0.95	1.00	1.00	1.00

6.2 This indicator shows the equivalent impact on Council Tax of the decision to undertake Prudential Borrowing as well as the investment interest lost by using capital receipts and reserves to part fund the Capital Plan. The impact of supported borrowing has not been included because it is assumed that the Council would always spend its supported borrowing to fund its Capital Plan.

6.3 The increases in council house rents reflect the additional costs of financing the borrowing to be undertaken each year as part of the Housing Stock Business Plan with the aim to maintain the Welsh Housing Quality Standard. The indicator illustrates the impact of each year's capital expenditure and new borrowing on weekly rents.

### 7 **Authorised Limit & Operational Boundary for External Debt**

7.1 The Council has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Council and not just those arising from capital spending reflected in the CFR.

7.2 The **Authorised Limit** sets the maximum level of external borrowing. It is measured on a daily basis against all external borrowing items on the Balance Sheet i.e. long and short term borrowing, overdrawn bank balances and long term liabilities. This Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases. It is consistent with the Council's existing commitments, its proposals for capital expenditure and financing and its approved treasury management policy statement and practices. This is reported as a part of the Capital Monitoring Report.

7.3 The Authorised Limit has been set on the estimate of the most likely, prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.

7.4 The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the

## Treasury Management Strategy Statement and Investment Strategy 2016/17 to 2018/19

Affordable Limit) and if it is breached, it would be reported to the next Council meeting.

Authorised Limit for External Debt	2015/16 Approved £000	2015/16 Revised £000	2016/17 Proposed £000	2017/18 Proposed £000	2018/19 Proposed £000
Borrowing	260,000	250,000	250,000	260,000	260,000

The Welsh Government concluded negotiations last year with HM Treasury regarding the reform of the HRA subsidy system in Wales. We borrowed £40m on 02/04/15 to buy ourselves out of the subsidy scheme to become self-financing so the borrowing limits shown above include an additional £40m from 2015/16 to cover this borrowing.

- 7.5 The **Operational Boundary** links directly to the Council's estimates of the CFR and estimates of other cash flow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

Operational Boundary for External Debt	2015/16 Approved £000	2015/16 Revised £000	2016/17 Proposed £000	2017/18 Proposed £000	2018/19 Proposed £000
Borrowing	255,000	245,000	245,000	255,000	255,000

### 8 Adoption of the CIPFA Treasury Management Code

- 8.1 This indicator demonstrates that the Council has adopted the principles of best practice. The Council adopted the original Code in March 2002. A revised Code was issued in November 2009 and another in November 2011. One of the recommendations is that the Code is adopted by Council.

Adoption of the CIPFA Code of Practice in Treasury Management
The Council approved the adoption of the revised CIPFA Treasury Management Code (Nov 2011) at its meeting on 28 February 2012.

### 9 Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

- 9.1 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. This Council calculates these limits on a net interest paid basis (i.e. interest paid on fixed rate debt net of interest received on fixed rate investments).
- 9.2 The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments.



## Treasury Management Strategy Statement and Investment Strategy 2016/17 to 2018/19

	2015/16 Approved %	2016/17 Estimate %	2017/18 Estimate %	2018/19 Estimate %
Upper Limit for Fixed Interest Rate Exposure	100	100	100	100
Upper Limit for Variable Rate Exposure	40	40	40	40

9.3 The limits above provide the necessary flexibility within which decisions will be made for drawing down new loans on a fixed or variable rate basis; the decisions will ultimately be determined by expectations of anticipated interest rate movements as set out in the Council's treasury management strategy.

### 10 Maturity Structure of Fixed Rate borrowing

10.1 This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

10.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.

Maturity structure of fixed rate borrowing	Actual %	Lower Limit %	Upper Limit %
under 12 months	2.48	0	30
12 months and within 24 months	3.98	0	30
24 months and within 5 years	7.93	0	30
5 years and within 10 years	10.26	0	30
10 years and above	75.35	50	100

### 11 Credit Risk

11.1 The Council considers security, liquidity and yield, in that order, when making investment decisions.

11.2 Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Council's assessment of counterparty credit risk.

11.3 The Council also considers alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. The following key tools are used to assess credit risk:

## Treasury Management Strategy Statement and Investment Strategy 2016/17 to 2018/19

- Published credit ratings of the financial institution (minimum A- or equivalent) and its sovereign (minimum AA+ or equivalent for non-UK sovereigns);
- Sovereign support mechanisms;
- Credit default swaps (where quoted);
- Share prices (where available);
- Economic fundamentals, such as a country's net debt as a percentage of its GDP;
- Corporate developments, news, articles, markets sentiment and momentum;
- Subjective overlay.

11.4 The only indicators with prescriptive values are credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

### 12 Upper Limit for total principal sums invested over 364 days

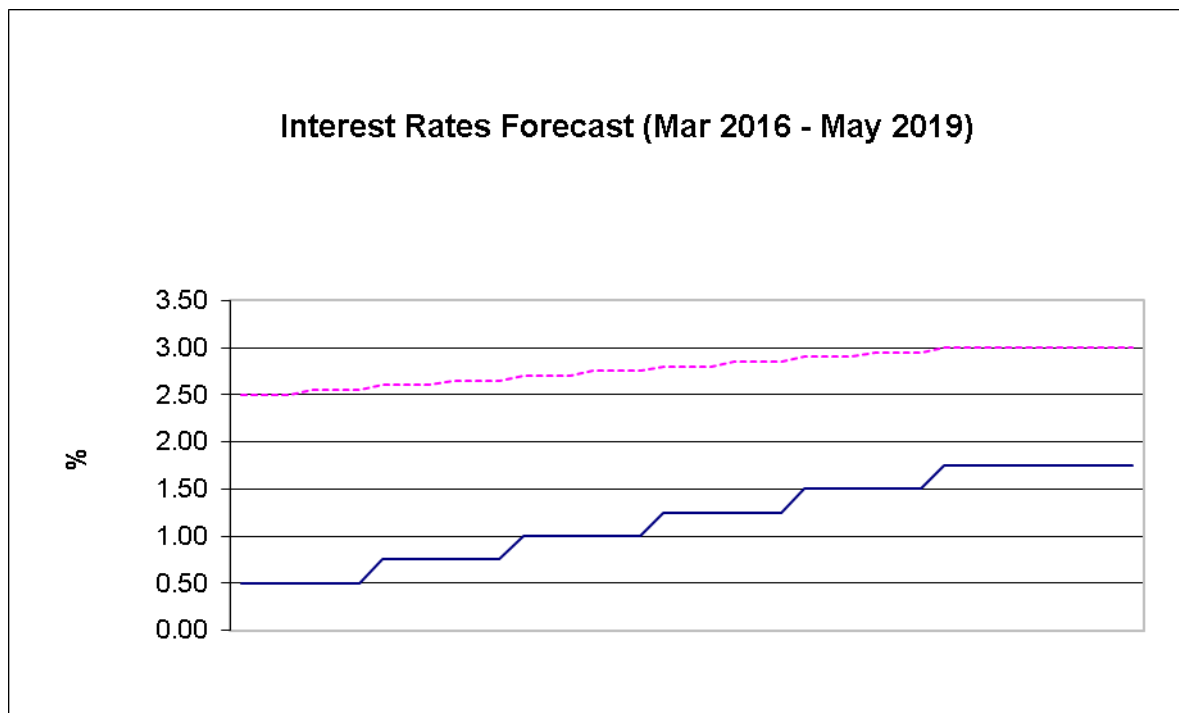
12.1 The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

Upper Limit for total principal sums invested over 364 days	2015/16 Approved £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m
	10.00	10.00	10.00	10.00

INTEREST RATES FORECAST

The graph below shows the interest rate forecast for the Official UK Bank Rate and the 50 year GILT rate from March 2016 to May 2019. The Official Bank Rate influences the rate at which the Council can invest. The GILT rate is the rate at which the Government borrows money and therefore this affects the rate at which we can borrow from the PWLB which is approximately 1% above GILT rates.

As the graph shows, it's much more expensive to borrow than to invest at the moment with the Official UK Bank Rate expected to increase gradually over the period. The graph illustrates that the difference between investment and borrowing rates is approximately 3%. This means that the cost of carry referred to in paragraph 4.1 in **Appendix 1** is approximately £30,000 for every £1m borrowed because the Council could borrow for 50 years at a rate of approximately 3.5% but could only invest at a rate of approximately 0.5%.



— Official Bank Rate  
- - - 50-yr GILT Rate

**Treasury Management Strategy Statement  
and Investment Strategy 2016/17 to 2018/19**

**ANNEX C**

**GLOSSARY - Useful guide to Treasury Management Terms and Acronyms**

<b>BANK OF ENGLAND</b>	UK's Central Bank
<b>BANK RATE</b>	Bank of England Interest Rate (also known as Base Rate)
<b>CPI</b>	Consumer Price Index – a measure of the increase in prices
<b>RPI</b>	Retail Price Index – a measure of the increase in prices
<b>DMO</b>	Debt Management Office – issuer of gilts on behalf of HM Treasury
<b>FSA</b>	Financial Services Authority - the UK financial watchdog
<b>GDP</b>	Gross Domestic Product – a measure of financial output of the UK
<b>LIBID</b>	London Interbank Bid Rate - International rate that banks lend to other banks
<b>LIBOR</b>	London Interbank Offer Rate – International rate that banks borrow from other banks (the most widely used benchmark or reference for short term interest rates)
<b>PWLB</b>	Public Works Loan Board – a Government department that lends money to Public Sector Organisations
<b>MPC</b>	Monetary Policy Committee - the committee of the Bank of England that sets the Bank Rate
<b>LONG TERM RATES</b>	More than 12 months duration
<b>SHORT TERM RATES</b>	Less than 12 months duration
<b>BOND (GENERAL)</b>	An investment in which an investor loans money to a public or private company that borrows the funds for a defined period of time at a fixed interest rate
<b>GOVERNMENT BOND</b>	A type of bond issued by a national government generally with a promise to pay periodic interest payments and to repay the face value on the maturity date

## **Treasury Management Strategy Statement and Investment Strategy 2016/17 to 2018/19**

<b>CORPORATE BOND</b>	A type of bond issued by a corporation to raise money in order to expand its business
<b>COVERED BOND</b>	A corporate bond issued by a financial institution but with an extra layer of protection for investors whereby the investor has recourse to a pool of assets that secures or “covers” the bond if the financial institution becomes insolvent
<b>GILT</b>	A bond that is issued by the British government which is classed as a low risk investment as the capital investment is guaranteed by the government
<b>REPO</b>	A repurchase agreement involving the selling of a security (usually bonds or gilts) with the agreement to buy it back at a higher price at a specific future date For the party selling the security (and agreeing to repurchase it in the future) it is a REPO For the party on the other end of the transaction e.g. the local authority (buying the security and agreeing to sell in the future) it is a reverse REPO
<b>FTSE 100</b>	Financial Times Stock Exchange 100 - An index composed of the 100 largest companies listed on the London Stock Exchange which provides a good indication of the performance of major UK companies

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**Report To:** Council

**Date of Meeting:** 23 February 2016

**Lead Member:** Councillor Julian Thompson-Hill

**Report Author:** Richard Weigh, Chief Finance officer

**Title:** Capital Plan 2015/16 – 2018/19 and Recommendations of the Strategic Investment Group

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## **1. What is the report about?**

- 1.1 The report updates members on the 2015/16 element of the Capital Plan. Also attached are the recommendations of the Strategic Investment Group of Capital bids recommended for inclusion in the Capital Plan.

## **2. What is the reason for making this report?**

- 2.1 To provide members with an updated Capital Plan including an update on major projects and the corporate plan.

The following Appendices are included:

- Appendix 1: Summary capital plan funding
- Appendix 2: Summary capital plan by Head of Service
- Appendix 3: Details of scheme estimates
- Appendix 4: Major capital project updates
- Appendix 5: Details of recommendations by Strategic Investment Group
- Appendix 6: Capital Bids recommended for approval

## **3. What are the Recommendations?**

- 3.1 That Members note the latest position on the 2015/16 element of the Capital Plan and the update on major projects.
- 3.2 Members support the recommendation of the Strategic Investment Group as detailed in Appendix 5 and summarised in Appendix 6.
- 3.3 To approve the 2016/17 Capital Plan.

## **4. Report details**

### **4.1 Capital Expenditure 2015/16**

The full Capital Plan was last reported to Council in February 2015. Monthly updates are presented to Cabinet. The Estimated Capital Plan is now £46.9m. The plan has been updated very slightly since being reported to Cabinet on 16<sup>th</sup> February 2016.

### **4.2 Major Projects**

Appendix 4 provides an update on the following major projects:

- Rhyl Harbour Development
- 21<sup>st</sup> Century Schools Programme – Bodnant Community School
- 21<sup>st</sup> Century Schools Programme – Rhyl New School
- 21<sup>st</sup> Century Schools Programme – Ysgol Glan Clwyd
- 21<sup>st</sup> Century Schools Programme – Ruthin Primary Schools
- Nova Development
- West Rhyl Coastal Development – Phase 3

#### 4.3 Corporate Plan

The Corporate Plan 2012-17 sets out the Council’s ambition to deliver significant capital investment in its priorities over the next few years, and the latest figures highlights that the Council will need to invest in the region of £132.521m of capital funding.

A large proportion of this work will be in the delivery of nine projects within the proposals for 21<sup>st</sup> Century Schools.

	<b>Council Funding</b> £m	<b>External Funding</b> £m
21st Century Schools (50:50 Split)	49.576	43.029
Extra Care Housing and Cefndy	7.500	14.000
Highways	13.500	4.916
<b>Total</b>	<b>70.576</b>	<b>61.945</b>

The Plan makes critical assumptions on various factors, including funding from both the Welsh Government and the council’s own resources, estimated costs and the timing of the works.

A summary of the latest estimate of the Corporate Plan is shown in Appendix 1.

#### 4.4 Capital Receipts

The Capital Plan is dependent for part of its funding on capital receipts generated by the sale of Council assets. The table below shows those receipts achieved in 2015/16. In addition, a number of potential disposals are also currently in development.

	<b>2015/16</b> <b>£000</b>
Land at Westbourne Avenue, Rhyl	27
Land at Lon Parcwr, Ruthin	30
Additional retail land, Prestatyn	35
ECTARC, Llangollen	200
<b>TOTAL</b>	<b>292</b>



#### **4.5 Prudential Indicators**

Each year the Council sets Prudential Indicators that determine prudent limits on its borrowing. The Council's outstanding debt is currently £193.3m. This is within the Operational Boundary (£245m) and Authorised Limit (£250m) and is less than the forecast Capital Financing Requirement (£244.4m). This means the Council is adhering to the Prudential Code of Capital Finance and is not borrowing in excess of its capital needs.

The ratio of financing costs to the net revenue stream for 2015/16 is 7.16%. This ratio is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs.

#### **4.6 Recommendations of the Strategic Investment Group (SIG)**

The Strategic Investment Group has reviewed capital bids and has made recommendations for inclusion in the Capital Plan from 2016/17 onwards. These are detailed in Appendix 5 and summarised in Appendix 6.

- 4.7 The Strategic Investment Group discussed the funding requirements of the Ruthin Primary School 21<sup>st</sup> Century Schools. SIG have made a recommendation to Cabinet that £4.8m contingency is set aside to support Glasdir and Ysgol Carreg Emlyn schemes, funded from the release of revenue budgets from within the project. It can be confirmed that this sum is affordable and maintains progress on the overall 21st Century schools programme.

#### **5. How does the decision contribute to the Corporate Priorities?**

Projects have been reviewed to ensure that they satisfy the Council's Corporate Objectives.

#### **6. What will it cost and how will it affect other services?**

##### **6.1 Cost Implications**

It is necessary to ensure that the Capital Plan is fully funded as any cost overruns above the total available funding have to be funded from revenue budgets.

##### **6.2 Staffing/IT/Accommodation Implications**

Each new project is required to complete a Business Case form and any specific implications are discussed at that stage.

##### **6.3 Assessment of Impact on Climate Change – Mitigation and Adaptation:**

New capital projects are subject to scrutiny by the Strategic Investment Group. Each business case will show, where relevant carbon tonne emission pre and post project, thus identifying whether the project is carbon emission positive, negative or neutral. In addition, it is

necessary to ensure new capital projects are future proof and able to adapt to climate change.

**7. What are the main conclusions of the Equality Impact Assessment undertaken on the decision?**

All new projects are subject to an individual EqIA.

**8. What consultations have been carried out with Scrutiny and others?**

Projects are prepared and subsequently monitored in consultation with Heads of Service. The figures used in the reports are based upon the latest estimates available.

All members have been informed of the bids, with hard copies of bids being located in the Members room and project bids available to view on Mod.Gov.

**9. Chief Financial Officer Statement**

No project should commence without being fully funded against a robust project plan and the project being discussed with the Strategic Investment Group.

Project Sponsors need to exercise tight control over their capital expenditure to ensure that the projects are able to remain within their budgets.

The Council is delivering an ambitious Corporate Plan. Underpinning the affordability of the Plan are key assumptions around revenue budgets and cash. The scale of the Corporate Plan means that it spans a 5-7 year horizon and will undoubtedly mean that as it continues, there will be timing differences between planned and actual assumptions around the use of cash. This may mean that earmarked reserves may increase until commitments are made. It is crucial however to appreciate that if resources are diverted through the life of the Plan, it will have an impact on project delivery.

**10. What risks are there and is there anything we can do to reduce them?**

**10.1 Risks associated with not agreeing the recommendations**

Possible risks would include schemes not progressing, loss of grant and disruptions to services.

**10.2 Risk associated with agreeing the recommendations**

No capital project is without risk. However all schemes are reviewed by the Strategic Investment Group and are also subject to on-going monthly monitoring and reporting.

**11. Power to make the Decision**

Part 1 of the Local Government Act 2003 determines the arrangements for capital financing from 2004/05 onwards.

**Denbighshire County Council - Capital Plan 2015/16 - 2018/19**  
**Position to end January 2016**

**APPENDIX 1**

**General Capital Plan**

		2015/16	2016/17	2017/18	2018/19
		£000s	£000s	£000s	£000s
<b>Capital Expenditure</b>					
	Total Estimated Payments - General	21,686	9,689	171	171
	Total Estimated Payments - Corporate Plan	24,999	15,167	5,008	454
	Contingency	272	500	500	500
	<b>Total</b>	<b>46,957</b>	<b>25,356</b>	<b>5,679</b>	<b>1,125</b>
<b>Capital Financing</b>					
1	External Funding	15,076	9,180	7,303	5,055
2	Receipts and Reserves	14,023	9,463	658	
3	Prudential Borrowing	17,858	6,713	2,086	438
5	Unallocated Funding	(0)	0	(4,368)	(4,368)
	<b>Total Capital Financing</b>	<b>46,957</b>	<b>25,356</b>	<b>5,679</b>	<b>1,125</b>

**Corporate Plan**

Revised October 2015

		£000s	£000s	£000s	£000s
<b>Approved Capital Expenditure</b>					
	Cefndy Healthcare Investment	30	110		
	Extra Care	799			
	Highways Maintenance and bridges	2,881	2,550		
	Feasibility Study - New Ruthin School	92	526		
	Feasibility Study - Carreg Emlyn	194	184		
	Llanfair/Pentrecelyn Area School	74	409		
	Rhyl High School	17,039	1,935	332	
	Ysgol Bro Dyfrdwy - Dee Valley West Review	4			
	Bodnant Community School	2,606	277	61	
	Ysgol Glan Clwyd	1,248	9,176	4,615	454
	Faith Based Secondary	32			
	<b>Total Estimated Payments</b>	<b>24,999</b>	<b>30,132</b>	<b>29,753</b>	<b>23,619</b>
<b>Not included in above plan</b>					
	Estimated - subject to detailed business cases	0	14,965	24,745	23,165
<b>Approved Capital Funding</b>					
	External Funding	3,002	2,763	2,435	187
	Receipts and Reserves	10,844	6,441	658	
	Prudential Borrowing	11,153	5,963	1,915	267
	<b>Total Estimated Funding</b>	<b>24,999</b>	<b>30,132</b>	<b>29,753</b>	<b>23,619</b>

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**Denbighshire County Council - Capital Plan 2015/16 - 2018/19**  
**Position to January 2016**

Appendix 2

**HEAD OF SERVICE**  
**CAPITAL PROGRAMME SUMMARY**

	2015/16	2016/17	2017/18	2018/19
	Estimated	Estimated	Estimated	Estimated
	Programme	Programme	Programme	Programme
	£000	£000	£000	£000
Economic and Business Development	736	270	0	0
Highways and Environmental Services	11,248	6,311	0	0
Customers and Education Support	23,683	14,058	5,008	454
Planning and Public Protection	4,185	1,500	0	0
Communication, Marketing and Leisure	3,934	0	0	0
Finance, Assets and Housing	951	909	0	0
Business Improvement and Modernisation	854	1,190	171	171
Community Support Services	1,072	507	0	0
School Improvement and Inclusion	17	0	0	0
Legal, HR and Democratic Services	5	111	0	0
Contingency	272	500	500	500
<b>TOTAL HEAD OF SERVICE SUMMARY</b>	<b>46,957</b>	<b>25,356</b>	<b>5,679</b>	<b>1,125</b>

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<b>Denbighshire County Council - Capital Plan 2015/16 - 2018/19</b>				
			<b>APPENDIX 3</b>	
<b>Position to January 2016</b>				
	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
<b>CAPITAL PROGRAMME</b>	<b>Estimated</b>	<b>Estimated</b>	<b>Estimated</b>	<b>Estimated</b>
<b>DETAILS OF SCHEMES</b>	<b>Programme</b>	<b>Programme</b>	<b>Programme</b>	<b>Programme</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Economic and Business Development</b>				
Rhyl Harbour Development	361			
Rhyl Harbour - Harbour Empowerment Order	27			
Business Development Grants	36			
North West Wales - Local Investment Fund	50			
Community Projects	10	20		
West Rhyl Housing Improvement programme - Main Programme works	252	250		
<b>Total Housing and Community Development</b>	<b>736</b>	<b>270</b>	<b>0</b>	<b>0</b>
<b>Highways and Environmental Services</b>				
Playgrounds	16			
H & S Works - Schools kitchen equipment	46			
Public Conveniences - Refurbishment Programme	74			
Loggerheads - Car Park Extension	217			
Streetscene vehicles	162			
Highways Maintenance and Other	3,633	3,550		
Bridges	664			
Traffic	194			
Rights of Way	56			
Asset Management	58			
Car Parks	108			
Street Lighting	180			
Street Lighting - Rechargeable energy reduction measures	84			
Street Lighting - Sustainable LED Lighting	335	226		
Coastal Defence - Inspections and Essential maintenance	384			
Coastal Defence - West Rhyl Ph 3	2,002			
East Rhyl Coastal Defence Scheme		2,535		
Coastal Floods 2013	350			
Flood Prevention Schemes - Denbigh and others	305			
Flood prevention Scheme - Corwen	380			
Glasdir Flood Bund	21			
Local Transport Fund 2015/16 WG	537			
Safe Routes in Communities 2015/16 WG	119			
Local Road Safety	219			
Lon Parcwr Depot - Improvement Works	104			
Vehicles, Plant and Equipment	1,000			

<u>Denbighshire County Council - Capital Plan 2015/16 - 2018/19</u>			<b>APPENDIX 3</b>	
<u>Position to January 2016</u>				
Total Highways and Environmental Services	11,248	6,311	0	0



<b>Denbighshire County Council - Capital Plan 2015/16 - 2018/19</b>		<b>APPENDIX 3</b>		
<b>Position to January 2016</b>				
<b>Customers and Education Support</b>				
Schools Capital Maintenance	1,815	1,551		
DDA Works	66			
Traffic Management Schemes	258			
Ysgol Emmanuel Café Project	7			
Ysgol Plas Brondyffryn - Entrance Remodelling	13			
Transforming 3-18 Welsh Medium Education in North Denbighshire	155			
Ysgol Dyffryn Ial, Llandegla - Extension - Dee Valley East Review	80			
21st Century Schools - Ysgol Bro Dyfrdwy -Extension and Refurbishment	4			
21st Century Schools - Rhyl New school Build	17,039	1,935	332	
21st Century Schools - Bodnant Community School - Extension and Refurbishment	2,606	277	61	
21st Century Schools - Ysgol Glan Clwyd - Extension and Refurbishment	1,248	9,176	4,615	454
21st Century schools - Ruthin Town Schools (Glasdir) - New school build - Feasibility/Design	92	526		
21st Century schools - Llanfair/Pentrecelyn - New school build - Feasibility/Design	74	409		
21st Century Schools - Ysgol Carreg Emlyn - New School Build - Feasibility/Design	194	184		
21st Century Schools - Faith School	32			
<b>Total Customers and Education Support</b>	<b>23,683</b>	<b>14,058</b>	<b>5,008</b>	<b>454</b>
<b>Planning and Public Protection</b>				
Housing Improvement Grants	1,500	1,500		
Renewal Areas	885			
Maximising ECO - Private Sector Housing	1,436			
Housing Improvement Loans	223			
Grove Place, Denbigh	1			
Town and Country Planning - Section 106	140			
<b>Total Planning and Public Protection</b>	<b>4,185</b>	<b>1,500</b>	<b>0</b>	<b>0</b>
<b>Communication, Marketing and Leisure</b>				
Denbigh Leisure Centre - Fitness Suite Extension	289			
Prestatyn Library - Re-location	15			
Prestatyn Nova - Redevelopment	3,171			
Central Beach, Prestatyn - Refurbishment of Public Toilets	108			
Rhyl One Stop Shop/Library - Un Sir Ddinbych	246			
Botanical Gardens, Rhyl - Tennis Court Refurbishment	7			
Ruthin Craft Centre - Main Contract Retention	98			
<b>Total Communication, Marketing and Leisure</b>	<b>3,934</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Denbighshire County Council - Capital Plan 2015/16 - 2018/19</b>			<b>APPENDIX 3</b>	
<b>Position to January 2016</b>				
<b>Finance, Assets and Housing</b>				
Agricultural Estates	144	180		
Asbestos	300	120		
DDA works/Equalities	12			
Office Rationalisation and Relocation	1			
Management of Vacant Buildings at Risk	8			
Property Block Allocation	201	530		
Fire Risk Assessment Works - Public Buildings	39	40		
Asset Energy and Carbon Efficiency Programme	173	11		
Essential H & S Works (capital receipts)	16	15		
Energy Efficient Lighting schemes	34			
Radon Gas Exposure Monitoring	20			
Haul Road, Prestatyn - Informal Wildlife Area	3	13		
<b>Total Finance and Assets</b>	<b>951</b>	<b>909</b>	<b>0</b>	<b>0</b>
<b>Business Improvement and Modernisation</b>				
ICT Strategy - Phase 2	586	940	171	171
Town and Area Plans	268	250		
<b>Total Business Improvement and Modernisation</b>	<b>854</b>	<b>1,190</b>	<b>171</b>	<b>171</b>
<b>Community Support Services</b>				
Minor Adaptations, Community Equipment and Telecare	234	220		
Replace Care.Com (PARIS)	9	50		
Cefndy Healthcare Investment	30	110		
Cysgod y Gaer - Biomass		127		
Extra Care - Denbigh	793			
Extra Care - Corwen	6			
<b>Total Adult and Business Services</b>	<b>1,072</b>	<b>507</b>	<b>0</b>	<b>0</b>
<b>School Improvement and Inclusion</b>				
Flying Start Grant 2015-16	17			
<b>Total School Improvement and Inclusion</b>	<b>17</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Legal, HR and Democratic Services</b>				
Legal Estate Improvement project	5	16		
Rhyl Resister Office - Relocation to Rhyl Town Hall		95		
<b>Total Legal, HR and Democratic Services</b>	<b>5</b>	<b>111</b>	<b>0</b>	<b>0</b>
<b>Contingency</b>	<b>272</b>	<b>500</b>	<b>500</b>	<b>500</b>
<b>Total Capital Plan Services</b>	<b>46,957</b>	<b>25,356</b>	<b>5,679</b>	<b>1,125</b>

<u>Denbighshire County Council - Capital Plan 2015/16 - 2018/19</u>				<b>APPENDIX 3</b>		
<u>Position to January 2016</u>						

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## Appendix 4 - Major Capital Projects Update January 2016

### Rhyl Harbour Development

Total Budget	£10.762m
Expenditure to date	£10.541m
Estimated remaining spend in 2015/16	£ 0.221m
Future Years estimated spend	£ Nil
Funding	WG £2.733m; WEFO £5.950m; Sustrans £0.700m: RWE £155k; WREN £83k and DCC £1.141m
Comments	<p><b>Programme</b></p> <p>The work to the remainder of the accessible board walk route which has been funded by a grant from Natural Resources Wales, is now complete other than the placing of one further bench.</p> <p>Work is on-going to rectify any remaining defects associated with works undertaken at the harbour, which includes a review of the current maintenance schedule for the bridge; the inclement weather has delayed some of the defect work.</p>
Forecast In Year Expenditure 15/16	£0.340m

### 21<sup>st</sup> Century Schools Programme – Bodnant Community School Extension and Refurbishment

Total Budget	£3.581m
Expenditure to date	£1.958m
Estimated remaining spend in 15/16	£1.280m
Future Years estimated spend	£0.343m
Funding	WG £1.687m, DCC £1.894m
Comments	<p><b>Bodnant Community School</b></p> <p>This scheme is one of five projects within the Band A proposals for 21<sup>st</sup> Century Schools Programme.</p> <p>The project will build 7 classrooms, a new school hall and supporting facilities on the current Juniors site. This will allow the Infants pupils to move to the Juniors site and the school to operate on a single site. The Infants site will then become surplus to requirements.</p> <p>Following installation of windows, the plumbing and mechanical and electrical 1<sup>st</sup> fix started during January 2016. The installation of external render has been delayed until the end of January due to the poor weather conditions.</p> <p>The project is on schedule to be delivered in</p>

	readiness for the start of the new school year in September 2016.
Forecast In Year Expenditure 15/16	£2.746m

### 21<sup>st</sup> Century Schools Programme - Rhyl New School

Total Budget	£24.586m
Expenditure to date	£17.752m
Estimated remaining spend in 15/16	£ 4.558m
Future Years estimated spend	£ 2.276m
Funding	DCC £12.293m; WG £12.293m
Comments	<p>The project will provide a new school building for Rhyl High School to serve up to 1,200 pupils in mainstream education whilst also housing approximately 45 pupils from Ysgol Tir Morfa, the community special school in Rhyl.</p> <p>The brickwork and the external cladding are complete. Plaster work is being undertaken to the ground floor and the decoration is making good progress. The installation of the feature cladding to the main central space within the school is nearly complete.</p> <p>The mechanical and electrical work is on-going with final fix activities to the upper floors. The commissioning of the building systems has commenced. The ceiling grids, flooring, fixed furniture, loose furniture and equipment installation is taking place to the first and second floors.</p> <p>Preparations are being made for the decant from the old school building during March and the beginning of April.</p> <p>The external works are now well underway; the elevated link between the school and the leisure centre has been installed, the works to the main entrance and car parking are taking place and areas of hard landscaping adjacent to the school are being formed.</p> <p>Design and build work is well underway for the new PE classroom which will be on the footprint of the squash courts. The external corridor to the Leisure Centre and the squash courts has now been demolished and the recladding works to the side of pool hall are underway. Works to the entrance of the leisure centre will follow after the handover of the old school building to the Contractor in April.</p> <p>There have been some legal issues relating to the</p>

	<p>substation which has been a cause for concern; this has been resolved but has resulted in a delay to the power supply until January/early February. Generators have been hired to avoid any delays to the programme.</p> <p>The ICT provider for the school is now engaged and the scope of works documents will shortly be signed off by the school.</p> <p>The new school is still programmed to complete in March 2016. The pupils are due to start the summer term in the new school, and then works to demolish the existing school buildings and reinstate the grounds will commence.</p> <p>The anticipated completion date of the project is August 2016.</p> <p>There is ongoing consultation with key stakeholders.</p>
Forecast In Year Expenditure 15/16	£17.031m

#### 21<sup>st</sup> Century Schools Programme – Ysgol Glan Clwyd

Total Budget	£15.900m
Expenditure to date	£ 1.429m
Estimated remaining spend in 15/16	£ 0.226m
Future Years estimated spend	£14.245m
Funding	DCC £8.410m; WG £7.490m
Comments	<p>This scheme is one of five projects within the Band A proposals for 21<sup>st</sup> Century Schools Programme. The project will deliver an extended and refurbished Ysgol Glan Clwyd to accommodate a long term capacity of up to 1250 pupils via a new three storey extension, partial demolition of existing buildings and refurbishment of the retained buildings.</p> <p>The project will also see extensive landscaping, with creation of new outdoor hard &amp; soft landscaped areas including a new sports field, extended and rationalised car park and coach parking.</p> <p>Following a start on site at the end of November, there have been some challenges with the removal of earth, getting the contractor site access road in and controlling on site surface water run off given the extreme wet weather encountered throughout December and early January. In addition, there</p>

	<p>have been other issues around unchartered services that have had to be dealt with on site. This is not unusual given the nature and age of the site. Overall, work is progressing reasonably well with cooperation of all site users.</p> <p>The first interim milestone will be the completion of the new visitors car park to the front of the building which should be completed mid-March 2016. The new build three storey extension is due for completion in December 2016 with the demolition and refurbishment of the retained buildings being delivered in a number of phases from January 2017, with final completion by the end of September 2017.</p> <p>There is ongoing consultation with all key stakeholders including all users of the site. In addition, regular updates via newsletters are distributed locally.</p> <p>The project team are working with the school and wider community to engage with them to develop and deliver a number of community benefits.</p>
Forecast In Year Expenditure 15/16	£1.248m

### 21<sup>st</sup> Century Schools Programme – Ruthin Primary Schools

Total Budget	TBC
Expenditure to date	£ 0.256m
Estimated remaining spend in 15/16	£ 0.211m
Future Years estimated spend	TBC
Funding	TBC
Comments	<p>Denbighshire received permission to extend the scope of the 21<sup>st</sup> Century Schools Programme to include the three Ruthin primary school projects in September 2015. In January 2016, the Strategic Outline Case for the three projects was approved by the Welsh Government. The next stage in the Welsh Government approval process will be submitted in the coming months. On-going work has enabled firm project costs, including contingency funding, to be established for the Glasdir project and Ysgol Carreg Emlyn. Subject to the necessary approvals, this will enable both schemes to proceed and to be operational from September 2017.</p>



	<p>A review is also taking place of the new school building for the new area school for Llanfair/Pentrecelyn.</p> <p><b>Rhos Street School and Ysgol Penbarras</b></p> <p>This project will deliver new school buildings for Rhos Street School and Ysgol Penbarras for approximately 450 full time pupils on the Glasdir site in Ruthin. The focus for this project over the last 12 months has been on the development of an outline scheme for the shared school. The scheme has been developed to meet the aspirations and requirements of Ysgol Penbarras and Rhos Street School whilst also seeking economies of scale from the shared school approach. The scheme has also been developed to meet the requirements of the site from a Highways and Environmental perspective taking into consideration the surrounding flood risk areas.</p> <p>There have been discussions with the Welsh Government to secure the land access to facilitate the development. The Council is presently seeking to appoint a contractor to deliver the scheme.</p> <p><b>Ysgol Carreg Emlyn</b></p> <p>This project will deliver a new school building in Clocaenog for 95 full time pupils. A range of surveys have been undertaken on potential sites and the identification of these sites has enabled a clearer indication to emerge of site specific works required to facilitate the project.</p> <p>Officers have met with representatives from the school to review the initial concept design for the school and initial responses have been favourable.</p> <p>The project is scheduled to be delivered for September 2017.</p>
Forecast In Year Expenditure 15/16	£0.360m

## Nova Development

Total Budget	£4.798m
Expenditure to date	£4.798m
Estimated remaining spend in 15/16	NIL
Future Years estimated spend	NIL
Funding	DCC £4.706m; Other contributions £0.092m
Comments	<p>The Nova Centre has now been fully operational for over two months. The process of 'de-snagging' the building is almost complete and will be fully open to the public from February half term. The Nova has received VAQAS (Visitor Attraction Quality Assurance Scheme) accreditation which was awarded by Visit Wales.</p> <p>The school swimming programme commenced in January 2016 and the site continues to be extremely busy, particularly the soft play area and fitness offer.</p>
Forecast In Year Expenditure 15/16	£3.620m

## West Rhyl Coastal Development Ph 3

Total Budget	£5.553m
Expenditure to date	£5.369m
Estimated remaining spend in 15/16	£0.184m
Future Years estimated spend	£Nil
Funding	DCC £0.864m; WG/WEFO £4.347m; WG £0.199m; Town Plans/Town Council £0.143m
Comments	<p>This coastal defence scheme is the final phase of works designed to protect 2,700 properties from coastal flooding.</p> <p>The coastal defence works are now operationally complete.</p> <p>The Welsh Government are being approached with a view to obtaining agreement to funding the increased sea defence costs.</p> <p>The final account has been agreed with the main contractor.</p> <p>The NC5 coastal cycle route is complete. An application for grant has been submitted to the Welsh Government to designate the cycleway along the Coast Road alongside the scheme as well as upgrading connecting routes and the upgrade of the existing crossing.</p> <p>Lecterns have now been installed and the artwork is being produced for the inserts.</p>

	<p>Anti-skateboard studs have been ordered for installation adjacent to the viewing platform at the West End of the scheme on the double secondary wall.</p> <p>Anti-skid surfacing is ongoing and weather dependent. Upon completion of this work, the benches will be installed.</p> <p>The design and agreement of the concrete coastal protection shelters is ongoing.</p>
Forecast In Year Expenditure 15/16	£2.521m

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## Appendix 5

### Summary of Strategic Investment Group Recommendations (Capital Plan 2016/17)

#### 1. Report details

- 1.1 The Welsh Government's capital settlement for 2016/17 is in line with that for 2015/16 and continues the recent flat capital settlements.
- 1.2 With the continued lack of growth in capital investment from the Welsh Government, the Council has no choice but to rely on its own resources to invest in key projects. This means either selling assets to generate receipts or using Prudential Borrowing.
- 1.3 The Council is aiming to dispose of a number of sites over the next three years. The total available funding in 2016/17 includes £871k from assets that are currently proceeding to disposal, and are anticipated to be completed by March 2016 and £138k from assets that are anticipated to proceed to disposal during 2016/17. The allocation of these funds to schemes is provisional until the funds are received from disposals.
- 1.4 The available funding for 2016/17 is shown below:

Source	Amount £000
General Capital Grant	1,842
Un-hypothecated Supported Borrowing	3,026
Prudential Borrowing - Highways	2,776
Capital Receipts	888
Future Capital Receipts – Disposal of assets on-going	1,009
Unspent Contingency b/f	500
In Year Revenue Contribution	1,500
<b>Total Funds Available 2016/17</b>	<b>11,541</b>

- 1.5 The Capital Plan spends money on two types of project. Firstly there are one-off projects such as a new school or refurbishment of a leisure centre, the second type of expenditure is a 'block allocation'. These are ongoing programmes of work that stretch over several years (and may never be complete) e.g. schools maintenance. Elements of this work may be paid for from repair and maintenance budgets but a significant part is funded through the capital plan.

## **Recommendations of the Strategic Investment Group**

- 1.6 The Strategic Investment Group decided to invite bids in line with previously agreed block allocations from departments. The Strategic Investment Group has reviewed 11 bids over a number of meetings.
- 1.7 Each bid was submitted with approval of the relevant head of service.
- It is proposed to allocate £1.5m in support of Private Sector Housing Assistance. The funding will be used in the main on the provision of Disabled Facilities Grants.
  - An allocation of £220k is recommended for Minor Adaptations, Community Equipment and Telecare. This funding is targeted at enabling the elderly and disabled to remain in their own homes.
  - It is proposed to allocate £140k to the Agricultural Estate to support the rationalisation of the estate and address Health and Safety issues. This allocation is provisional, subject to disposal of assets.
  - Both the school and non-school capital maintenance bids include provision for essential maintenance such as Asbestos Removal, Fire Risk Assessment Work, DDA etc. It is recommended that £2.070m be allocated to Schools Capital Maintenance Works. Of this, £519k will be provisional, subject to disposal of assets. It is also proposed to allocate £800k to non-schools capital maintenance work. Of this, £350k will be provisional, subject to disposal of assets. It is further recommended that the appropriate Heads of Service determine the precise allocations to the specific works required, in order of priority.
  - Highways have received £150k to support prudential borrowing as part of the revenue budget for 2016/17. This will allow approximately £2.550m of capital expenditure. In addition to this, it is proposed to allocate £1m block allocation for structural and other repairs including highway maintenance, street lighting and bridges. Furthermore, it is proposed to allocate £2,535k as match funding to support a grant submission for £7,605k to the Welsh Government in relation to coastal flood risk improvement works at East Rhyl.
  - The Strategic Investment Group considered a proposal for the continuation of a six year programme of replacement of all the street lighting lanterns within Denbighshire with new LED lanterns. The programme commenced in 2015/16 and will cost £1.5m in total, providing significant savings on energy costs and on-going maintenance costs. The scheme is funded through the Government Salix funding initiative which provides interest free loans for energy efficient projects and will be repaid using the savings generated. The costings within the bid have been agreed with Finance. Applications for Salix funding are required on an annual basis, and the Strategic Investment Group recommends the submission of an application to

take out a Salix loan for year two costs of £226k repayable over 6 years.

- The Strategic Investment Group recommends maintaining the allocation set aside for any contingencies at £0.5m, in line with 2015/16.

1.8 Appendix 6 shows the projects listed with recommended funding for each. Each project that is being recommended for approval is shown under a different column in the appendix:

- PB Highways – £2.776m. This is £2.550m prudential borrowing to be supported from the revenue budget as approved by Council on 26th January 2016, together with proposed £226k application for Salix funding.
- Council Funds – These are funds such as general grants, capital receipts, and unspent contingency. This funding also includes £1.5m available following a review of corporate contingencies and provisions.

1.9 The membership of the Strategic Investment Group is as follows:

- Cabinet Member – Lead Member for Finance, Corporate Plan & Performance
- Cabinet Member – Leader of the Council and Lead Member for the Economy
- Cabinet Member – Lead Member for Modernising and Housing
- Representative from each Scrutiny Committee
- Corporate Director – Economy and Public Realm
- Chief Finance Officer/S .151 Officer
- Manager – Corporate Programme office

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2016/17 Capital Bids - Proposed Block Allocations

APPENDIX 6

Ref	Project Name	Head of Service	Total Project Cost £000	Capital Plan Requirement 2016/17 £000	P B Highways £000	Council Funds £000	Subject to Capital Receipts 15/16 £000	Subject to Capital Receipts 16/17 £000	TOTAL 2016/17 £000	Brief Description
A01	Private Sector Housing Assistance	Graham Boase	2,172	1,500		1,500			1,500	Housing Improvement works to private sector dwellings
A02	Minor Adaptations; Community Equipment, Telecare	Phil Gilroy	220	220		220			220	Minor Adaptations and Equipment
A03	Agricultural Estate Capital Works	Jamie Groves	331	331			140		140	Improvement works for the estate
A04	Schools Capital Maintenance Works	Jamie Groves	9,817	6,730		1,551	431	88	2,070	Works to a range of work streams in schools
A05	Non School Public Buildings Capital Maintenance Works	Jamie Groves	6,806	6,806		450	300	50	800	Works to a range of work streams for Public Buildings
A06/A07/A08/A09	Highways works	Steve Parker	3,655	3,550	2,550	1,000			3,550	Improvements to roads and bridges, Street Lighting and Road Safety
A10	Sustainable LED Lighting (Salix)	Steve Parker	1,131	226	226				226	Application for loan to Salix to replace street lighting lanterns - see Note 1
A11	East Rhyl Coastal Defence Scheme	Steve Parker	10,140	2,535		2,535			2,535	Coastal flood risk improvement works at East Rhyl
	Capital Contingency					500			500	
	<b>TOTALS</b>		<b>34,272</b>	<b>21,898</b>	<b>2,776</b>	<b>7,756</b>	<b>871</b>	<b>138</b>	<b>11,541</b>	

For Information Only:

Note 1 Sustainable LED Lighting (Salix) - Application for loan from Government funded Salix initiative

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<b>Report To:</b>	Council
<b>Date of Meeting:</b>	23 <sup>rd</sup> February 2016
<b>Lead Member / Officer:</b>	Councillor Julian Thompson Hill Jamie Groves – Head of Finance, Assets & Housing
<b>Report Author:</b>	Tom Booty – Programme Manager
<b>Title:</b>	<b>Procurement Strategy and Contract Procedure Rules</b>

## 1. What is the report about?

This report presents the new Procurement Strategy and revised Contract Procedure Rules (CPRs) to the Council.

## 2. What is the reason for making this report?

A decision is required to approve both the new Procurement Strategy and the revised CPR's.

## 3. What are the Recommendations?

The recommendation are that the Council:

- Approve and adopt the Procurement Strategy
- Approve and adopt the revised CPR's

Both documents to “go live” from 1<sup>st</sup> April 2016.

## 4. Report details

### The Procurement Strategy

The new Procurement Strategy (the previous one expired in 2012) has been developed following extensive consultation (see section 8). It broadly follows the format of other Council strategy documents and is designed to be short, high-level, but deliverable. The strategy is underpinned by seven key principles that are intended to guide all our procurement activity, which includes our duties under the Wellbeing of Future Generations (Wales) Act 2015, and a requirement to ensure that due regard is made in all purchasing decisions to local economic prosperity. Full details of the seven principles can be found in the appended strategy (appendix A).

The strategy details two outcomes:

**OUTCOME 1:** Denbighshire County Council achieves value for money from the goods, services and works it procures; and we will work to achieve this outcome by:

- Considering different delivery models;
- Continually reviewing and simplifying our processes;
- Making better use of technology;
- Improving our contract management; and
- Investing in people and skills.

**OUTCOME 2:** Denbighshire County Council improves the contribution its procurement activity has on the local economy, and we will work to achieve this outcome by:

- Working proactively on local supplier development;
- Developing new approaches to how we structure our offers to the market; and
- Delivering more and better community benefits.

The strategy also details a suite of high level indicators and performance measures against these outcomes which will enable us to measure progress and the impact of our procurement activity.

### **Contract Procedure Rules**

The revised CPR's (see appendix B) are now quite different in style and content from the previous version. There is now more focus on the "audience", and trying to present the regulations in plainer language for officers undertaking procurement, and where relevant clarifying what needs to be done, by whom, and what record should be kept. The document is divided into sections to try and create a "cradle to grave" approach to procurement activity, and there is a much greater emphasis on a key area of weakness - the planning and preparation stage.

The revised CPR's also reflect:

- Changes in legislation following the Public Contracts Regulations 2015 which became law in February 2015
- Our migration to electronic procurement, getting rid of the option to continue with paper based procurement after 1 April 2016
- The new Welsh Language Standards
- Our obligations under the Well-being of Future Generations (Wales) Act 2015

One of the key changes is an up-front authorisation process, where the procurement strategy is approved prior to going to the market, rather than retrospectively based on the quotations/tenders received. The intention of this change is to:

- Encourage more thorough and rigorous planning of the procurement
- Enable better resource planning to ensure that sufficient capacity is allocated to the procurement exercise
- Place more emphasis on services to think through the requirement
- Speed up the process at the critical quotation/tender receipt stage

The approval process for this up-front authorisation, along with other procurement decisions (eg. exceptions, contract modifications, etc) have been developed with Legal Services to align with the proposed amendments to the Member scheme of delegation as follows:

- **Up to £25,000** – Manager/HoS decision
- **£25,000 to £1,000,000** – HoS, Section 151 & Monitoring Officer
- **£1,000,001 to £2,000,000** – Cabinet Member delegated decision

- **Over £2,000,000** – Cabinet decision

If approved, both the Procurement Strategy and CPR's will be produced in a better designed, bilingual format and made available on the Council's website. A range of guidance documents – for both internal officers and external suppliers – are currently being developed to sit alongside the Strategy and CPR's, and the aim is to have this suite of guidance documents available on 1 April 2016 when the Strategy and CPR's "go live". A series of training events and workshops are also being developed to ensure staff and suppliers are aware of and equipped to deal with new Council approach to procurement.

#### **5. How does the decision contribute to the Corporate Priorities?**

Both the strategy and CPR's relate to priorities within the Economic & Community Ambition Strategy and in relation to this will address the two specific pieces of work within the Corporate Plan of:

- How the council works with suppliers; and
- Community Benefits

#### **6. What will it cost and how will it affect other services?**

The main financial cost of delivering the Procurement Strategy and revised CPR's has been the 12 month appointment of the Programme Manager to lead on this work, although this cost has been contained within existing service resources. Future costs will continue to be contained within existing service resources, but a review of the current structure of the Corporate Procurement Team is currently underway to ensure a new structure is put in place that creates the structure and capacity required to deliver the strategy and CPR processes.

With regard to other services, both the Strategy and the CPR's will require them to review their existing arrangements for procurement activity, and a consideration of what may need to change to ensure they contribute to delivery of the strategy and comply with the new CPR's. The services will be supported in this by the Corporate Procurement Team and through a range of training and workshop events that are planned to support staff.

#### **7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision? The completed EqIA template should be attached as an appendix to the report**

The Equality Impact Assessment on the new Procurement Strategy and revised CPR's is attached to this report. Overall, it is considered the strategy and CPR's will have a neutral impact.

#### **8. What consultations have been carried out with Scrutiny and others?**

Development of the new Procurement Strategy and revised CPR's has been led by the internal Procurement Transformation Board whose membership includes the Chair of Performance Scrutiny and the Chair of Corporate Governance Committee. They have also been subject to a comprehensive internal and external consultation process, including:

- Ongoing involvement in the development from the Federation of Small Businesses (FSB), North Wales Business Council and Business Wales;

- Presentations and reports to Corporate Governance Committee, Economic & Community Ambition Board, Senior Leadership Team (SLT), and Cabinet Briefing;
- Meeting with all political group leaders/groups;
- Regular 1-2-1 meetings with key internal stakeholders such as Legal, Finance and key services who undertake a significant amount of procurement activity; and
- A formal consultation process with internal and external stakeholders which closed on 31<sup>st</sup> December 2015.

## **9. Chief Finance Officer Statement**

The new arrangements should enhance the council's procurement processes and help ensure compliance with internal and external regulations. A robust procurement framework will help ensure value for money is achieved.

## **10. What risks are there and is there anything we can do to reduce them?**

The key risk in relation to the Procurement Strategy is ensuring that there are sufficient resources in place to enable effective delivery. To manage this a more detailed Action Plan is being developed to identify what needs to be done, by whom and by when. This will be regularly monitored by the Project Executive (Jamie Groves – Head of Finance, Assets & Housing) to ensure effective delivery.

With regards to the CPR's, the key risk will be the need to change existing custom and practice as we migrate from the existing CPR's to the new CPR's. This will be managed through a programme of internal training events to raise awareness and knowledge, and through regular meetings between the Corporate Procurement Team and Heads of Service (and their management teams) to ensure that appropriate support is put in place to support the transition.

## **11. Power to make the Decision**

Section 111, Local Government Act 1972

# APPENDIX A

# Procurement & Commissioning Strategy 2016 - 2021



FINAL DRAFT Jan 2016

## FOREWORD

The Council is dealing with significant financial pressures resulting from reductions in government funding, coupled with increasing expectations from our residents and businesses. We need to make savings, and a fundamental part of this will be ensuring that we use our spending power wisely and strategically. In this context, our Procurement and Commissioning Strategy is more important than ever. With an annual spend in the region of £100 million on bought-in goods, services and works, it is imperative that we manage this responsibly to ensure we obtain value for money for our citizens and support our wider corporate objectives.

The strategy has set out seven key principles which are there to help guide all our procurement and commissioning activity and ensure that it is undertaken legally, transparently and with a proper understanding of the impact on our local communities – now and into the future. The strategy also has a specific outcome around achieving value for money through our procurement and commissioning activity, and outlines how we will consider different delivery models, review our processes, use technology, improve our contract management and invest in upskilling our workforce to achieve this outcome.

But the strategy also recognises the impact the money the Council spends on the local economy, with around £32 million of our total spend in 2014/15 being with Denbighshire based businesses. This spend helps ensure that those businesses continue to provide employment for local people, and provides them with the opportunity to grow and create new jobs in the County. The strategy has a specific outcome around improving the contribution our procurement and commissioning activity has on the local economy, and how it will achieve this by working with our local supply chain, developing new approaches to how we procure and commission to ensure there are opportunities for local businesses going forward, and using clauses in contracts to help deliver wider community benefits such as training placements and supply chain opportunities for local businesses.

We acknowledge that delivering this strategy will require some significant changes from the way we currently procure and commission, and will result in new ways of working and, in some cases, changing roles and responsibilities. The Council is committed to making this change and will provide the clear leadership and support that will be needed to ensure success.

**Councillor Julian Thompson-Hill  
Lead Member for Finance and Efficiency**



# INTRODUCTION

## Purpose of the Strategy

Denbighshire County Council currently spends in the region of £100 million a year with private and third sector organisations on the goods, services and works needed to deliver public services. It is the Council's responsibility to manage this money efficiently and effectively to achieve Council objectives. The purpose of this strategy is to set out how we are changing procurement and commissioning within the Council and to provide the vision and strategic direction necessary to better achieve our objectives.

This strategy is aimed at promoting effective commissioning and procurement across the whole organisation. It will assist all internal officers who are involved in commissioning and procurement to better understand their role in supporting the delivery of this strategy. It also provides a basis for interaction with other key stakeholder groups; primarily our suppliers, the wider public and their elected members.

The aims of this strategy are to:

- Establish a clear strategic direction and priorities for change
- Establish key commissioning and procurement policy principles
- Clearly set out what we are going to do and why

The strategy has been developed with a full appreciation of the complex regulatory framework within which procurement and commissioning operates. It also recognises that it is an area with high risks – with potentially significant impacts on service delivery, financial management and legal compliance, as well as the overall reputation of the Council.

## What is Procurement?

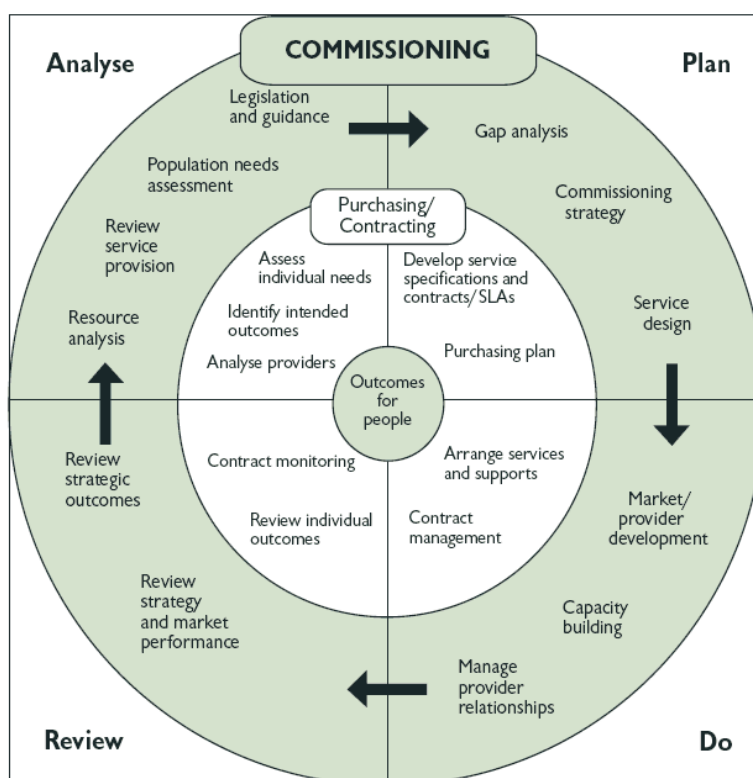
For the purposes of this strategy, we have used the same definition of procurement as detailed in the Wales Procurement Policy Statement (June 2015):

***“The process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment”***

## What is Commissioning?

Commissioning of public services is about public sector agencies working with purchasers, providers and, most importantly, communities, to identify and understand end users' needs so that services can be designed to meet them. This is done by working within a structured and planned process called the commissioning cycle (see below), which ensures services are improved and developed against past experience and current community need.

### The Commissioning Cycle



Good commissioning is underpinned by the following principles:

1. Understand the needs of those using the service
2. Consult provider organisations when setting priorities
3. Put outcomes for users at the heart of the process
4. Map the fullest practical range of providers
5. Consider investing in the provider base
6. Ensure contract processes are transparent and fair
7. Ensure long-term contracts and risk sharing
8. Seek feedback to review effectiveness of the commissioning process

Where Council services directly impact upon communities and influence the day to day lives of citizens, such as in the field of social care, service areas will use the commissioning cycle to develop specific strategies and plans which adhere to the eight principles of good commissioning.

# CURRENT ARRANGEMENTS

## Joint Collaborative Procurement Team

On 1<sup>st</sup> July 2014 an agreement was signed between Denbighshire County Council and Flintshire County Council which established a new collaborative procurement service. The vision for this new service is:

- to implement a shared, skilled and excellent corporate procurement service that ensures the required support for the two organisations and individual services in delivering corporate and service objectives and efficiency targets;
- to maximise procurement savings for the benefit of the residents and businesses of Denbighshire and Flintshire; and
- to develop professional capacity and resilience to create a top performing procurement team, delivering organisational benefit and personal professional development for the team.

The team is hosted by Denbighshire County Council (i.e. employment contracts are with Denbighshire rather than Flintshire), but provides a joint service across the two councils. The team consists of one Strategic Procurement Manager, five Senior Procurement Officers and four Procurement Officers. In terms of scope of activities, the remit of their responsibilities are:

- **Policy** – provide advice on legislation and regulatory framework policies that impact on procurement; develop, and maintain and implement the Council’s respective Corporate Procurement Strategies.
- **Day-to day management** – manage relevant corporate contracts (e.g. Matrix Agency Framework); providing a strategic lead covering all procurement activities; working with service areas to identify opportunities for coordination and cooperation; coordinate initiatives aimed at improving purchasing power and lowering prices; lead on corporate procurement initiatives and projects (e.g. eProcurement); undertake performance measurement; and carry out procurement research.
- **Advice** – advise and support service areas on the preparation of tender documents; develop and deliver a procurement training programme; develop and produce clear, user-friendly guidance and information on procurement; and disseminate examples of procurement best practice.
- **Compliance** – develop corporate systems and performance indicators to monitor the supply of goods and services; ensure that agreed procurement processes are adhered to; develop, promote and maintain supply chain management solutions; analyse trends and expenditure to identify areas for improved coordination of purchasing; produce an annual report on procurement activity, expenditure and savings; and ensure corporate procurement standards across all service areas,
- **Liaison** – represent the Council(s) on external procurement related bodies; liaise and manage relationships with other public sector purchasing bodies and external consortia; and provide a central link between the Council(s) and the supply/provider market.

# THE NATIONAL CONTEXT

There are a number of regulatory, strategic and policy initiatives that impact on procurement and commissioning at a national level. Ensuring that the procurement strategy acknowledges these and maps out how we can ensure compliance where required and help deliver wider outcomes

## Public Contracts Regulations 2015

The 2014 EU Procurement Directive became a legal requirement in Wales with the coming in to force of the Public Contracts Regulations 2015 in February 2015. One of the key themes of the Regulations is to make public procurement faster, more flexible and easier – especially for small and medium sized enterprises (SME's). The procurement strategy must ensure that the council is legally compliant with the revised regulations in all of its procurement and commissioning activity. Some of the regulatory changes also raise some more immediate requirements, including:

- the need to review and revise current Contract Procedure Rules to align with the new legislation;
- reviewing the existing pipeline of procurement projects at the OJEU threshold being planned, to ensure staff appreciate the need to have procurement documents available “up front”, and embed this as best practice even at sub-OJEU levels; and

## The Wales Procurement Policy Statement

In December 2012 the Welsh Government launched the Wales Procurement Policy Statement (WPPS) which set out the principles by which they expected public sector procurement to be delivered in Wales. Since that launch the Welsh Government has secured legislative powers in respect of procurement for Wales, and has subsequently reviewed the document and, in June 2015, launched a revised Statement.

The ten principles of Welsh Public Procurement Policy are:

1. **Strategic** – procurement should be recognised and managed as a strategic corporate function.
2. **Professionally resourced** – procurement expenditure should be subject to an appropriate level of professional involvement and influence.
3. **Economic, Social and Environmental Impact** – Value for Money should be considered as the optimum combination of whole-of-life costs.
4. **Community Benefits** – delivery of social, economic and environmental benefit through effective application of Community Benefits policy.
5. **Open, accessible competition** – public bodies should adopt risk based, proportionate approaches to procurement to ensure that contract opportunities are open to all.
6. **Simplified Standard Processes** – procurement processes should be open and transparent and based on standard approaches.
7. **Collaboration** – areas of common expenditure should be addressed collectively using standardised approaches.
8. **Supplier Engagement and Innovation** – dialogue with suppliers should be improved to help get the best response from the market place.

9. **Policy Development and Implementation** – deployment of policy which supports the achievement of the seven well-being goals for Wales as set out in the Well-being of Future Generations (Wales) Act (2015)
10. **Measurement and Impact** – in accordance with good management practice, procurement performance and outcomes should be monitored to support continuous improvement.

## **The National Procurement Service (NPS)**

The National Procurement Service (NPS) for Wales became operational in November 2013, and was set up to enable the Welsh public sector to collaborate more closely in procuring goods and services in the face of unprecedented budgetary pressures. The NPS is hosted by the Welsh Government and for the first 3 years of operation it is funded with £5.9m from the Welsh Government's Invest to Save Fund. After the first 3 years the intention is that the NPS will become self-funding.

Denbighshire County Council is one of over 73 public sector organisations in Wales that have signed up and made a 5 year commitment to using contracts and frameworks facilitated by the NPS in areas of common and repetitive spend. While savings in goods and services will be a priority for the NPS, promoting local economic regeneration, community benefits and supporting SMEs and the voluntary sector in competing for Welsh public sector contracts will also be important.

## **The Well-being of Future Generations (Wales) Act (2015)**

The Well-being and Future Generations (Wales) Act is about improving the social, economic, environmental and cultural well-being of Wales. It is designed to make public bodies think more about the long-term, work better with people and communities and each other, look to prevent problems and take a more joined-up approach in order to create a Wales that we all want to live in - now and in the future. The Act puts in place the following 7 well-being goals:

1. **A prosperous Wales** – an innovative, productive and low-carbon society which recognises the limits of the global environment and therefore uses resources efficiently and proportionately; and which develops a skilled and well-educated population in an economy which generates wealth and provides employment opportunities.
2. **A resilient Wales** – a nation which maintains and enhances a biodiverse natural environment with healthy functioning ecosystems that support social, economic and ecological resilience and the capacity to adapt to change (for example climate change).
3. **A healthier Wales** – a society in which people's physical and mental well-being is maximised and in which choices and behaviours that benefit future health are understood.
4. **A more equal Wales** – a society that enables people to fulfil their potential no matter what their background or circumstances.
5. **A Wales of cohesive communities** – attractive, viable, safe and well-connected communities.
6. **A Wales of vibrant culture and thriving Welsh language** – a society that promotes and protects culture, heritage and the Welsh language, and which encourages people to participate in the arts, and sport and recreation.
7. **A globally responsible Wales** – a nation which, when doing anything to improve the economic, social, environmental and cultural well-being of Wales, takes account of whether doing such a thing may make a positive contribution to global well-being.

# THE LOCAL CONTEXT

At a more local level, it is important to recognise the contribution procurement can make to delivering our aspirations and priorities.

## **Corporate Plan 2012 - 2017**

The Corporate Plan 2012 – 2017 sets out the Council’s ambition not only to maintain the quality of its services, but also to improve on them. It identifies 7 key priorities for the Council and the additional funding that will be required to deliver on this ambition. Clearly how effectively we spend that money will have a direct impact on our ability to deliver our ambition and priorities. Thus the Council recognises that an effective commissioning and procurement strategy is fundamental to achieving organisational success and is instrumental in the delivery of the Corporate Plan, as it will:

- have a direct impact on overall spend, savings, value for money and the cost of service provision to the people of Denbighshire;
- help shape the delivery of services to meet the needs of citizens, communities and customers;
- contribute to the achievement of corporate and service objectives; and
- provide a mechanism for delivering key policy objectives.

## **Economic & Community Ambition Strategy 2013 - 2023**

A key outcome within Denbighshire’s Economic & Community Ambition Strategy 2013 – 2023 is that the Council’s procurement activity benefits local businesses and residents. The Council’s ability to direct its procurement activity to local businesses is constrained by procurement regulations and the need to deliver value for money from cheaper contracts, and balancing this with the desire to support local businesses will be a key challenge. However, the procurement strategy can help by:

- identifying mechanisms to improve communication and support for local businesses so that they are aware of opportunities to sell to the Council and understand the requirements of the public procurement processes adopted by the Council;
- simplifying and standardising our processes to make it as straightforward as possible for businesses to bid for Council contracts; and
- using information and performance management data more strategically to support local businesses bid for future supply opportunities, or even to develop or attract new businesses to supply the Council where market gaps exist in the local area.

## **Denbighshire Wellbeing Plan 2014 - 2018**

The Denbighshire Wellbeing Plan has been developed by Denbighshire's Strategic Partnership Board, whose membership is made up of senior officers from Denbighshire County Council, Betsi Cadwaladr University Health Board, Public Health Wales, North Wales Police, North Wales Fire and Rescue Service, Coleg Cambria, Grwp Llandrillo Menai and Denbighshire Voluntary Services Council. The plan focusses on Independence and Resilience – recognising that people are independent when they have the freedom to make choices for themselves and the ability to live their lives with minimal help from others, and that they are resilient when they use resources and knowledge to cope with adversity and prepare for the future. Priority areas include tackling the challenges of our rural areas; supporting the most disadvantaged to build their resilience; and building the capacity of communities to develop and thrive. The Procurement Strategy will have a key role in achieving success in these areas by:

- considering how we might collaborate more effectively with partner organisations on procurement or commissioning to more effectively deliver services in our priority areas; and
- enabling change so that the services we provide, rather than disabling or restricting individuals' and communities' independence and resilience, actually reinforce people's independence and wellbeing.

# THE FUTURE CHALLENGES FOR PROCUREMENT

There are clearly a number of challenges which need to be addressed as part of this procurement strategy.

## **The need for savings versus the local economy**

The Council is aware of the impact a reduction in overall spend could have on the local economy and over the next few years the Council will have to continue to make some difficult decisions to balance the need for savings with support for the local economy. In order to achieve the required savings, the council will have to consider how it might generate economies of scale through the letting of larger contracts or through collaboration with partner organisations such as the National Procurement Service and/or other public sector organisations. This approach could potentially disadvantage smaller local businesses who may not be big enough to service such larger contracts, or do not have the time or expertise to engage in the bidding process.

The procurement strategy will need to respond to this challenge by:

- Advocating a partnership approach with organisations such as the Federation of Small Businesses (FSB), Business Wales and Denbighshire Voluntary Services Council to ensure that there is sufficient training and support for local businesses and the third sector when competing for council contracts.
- Outlining how we can engage proactively with the National Procurement Services to ensure that contracts let at a national level are structured in a way that provide opportunities for businesses in Denbighshire, and/or provide guidance on under what circumstances we might wish to opt out of national arrangements where we think better value or more significant economic, social or environmental benefits can be achieved through a more local approach.

## **The expectations of Welsh Government**

The recent revision of the Wales Procurement Policy Statement clearly demonstrates the importance that the Welsh Government attribute to procurement and its potential role in helping to achieve its policy objectives – particularly around tackling poverty – and more generally in helping to secure substantial cost savings. The Welsh Government is also expected to pass secondary legislation in relation to procurement under the new powers it expects to secure following the publication of a Command Paper in February 2015<sup>1</sup>, and the first area they are likely to focus on is community benefits.

The procurement strategy will need to respond to this challenge by:

- Ensuring that in the development of any local procurement approaches or policies, we are mindful of the expectations set out in the Wales Procurement Policy Statement and the prospect of new secondary legislation.
- Setting out clear policies and expectations in relation to community benefits and how they should be built into tender and contract documentation.

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<sup>1</sup> *Powers for a Purpose: Towards a lasting devolution settlement for Wales* Feb 2015 (HM Government)



## **Shortcomings of procurement activity within services**

A recent procurement review<sup>2</sup> identified a number of shortcomings in relation to how procurement is undertaken within the services, including:

- the expertise, skills and knowledge of service department staff with procurement, commissioning and contract management responsibilities varies significantly across departments;
- training and development for procurement, commissioning and contract management within service departments appear to be highly informal and under-developed;
- performance management of individuals engaged in procurement, commissioning and contract management within service departments is infrequent to non-existent;
- there is an inconsistent approach to the supply market with various approaches being adopted;
- a “silo mentality” is restricting opportunities to operate collaboratively internally;
- there is often a lack of proper planning of procurement activities; and
- Contract Procedure Rules are not always complied with.

All this is often leading to a “fire-fighting” approach both within service areas and within the corporate procurement team that is supporting them, and in more extreme cases is leading to breaches in regulations and associated financial penalties for the Council. The lack of consistency and proper planning also creates confusion for our suppliers and can create barriers to them accessing opportunities with the council.

How we improve awareness and expertise within service areas will be one of the key challenges for procurement going forward, and the strategy needs to respond by:

- Outlining what measures and support will be put in place to support improved procurement processes and compliance within service areas
- Detailing how more corporate oversight of procurement activity will be established to ensure better planning and a greater degree of accountability for non-compliance issues

## **Budget constraints versus internal capacity to deliver excellence in procurement**

Whilst the Wales Procurement Policy Statement advocates a minimum of one procurement professional per £10 million of expenditure, the Council recognises that it already falls far short of that aspiration, with the current corporate procurement team providing approximately one officer per £20 million across Denbighshire and Flintshire. In the current and likely future financial situation, it is difficult to envisage a scenario whereby the Council could increase the budget of the procurement team to meet the Welsh Government aspiration. Indeed, a more likely scenario is one of reduced resources which would see a reduction in the team size and a greater gap between the aspiration and the reality.

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<sup>2</sup> *Bangor University Institute for Competition and Competitiveness 2013*

Added to this, the same review referenced in the previous section identified that legal support for procurement activity is also inadequate in terms of capacity which is leading to bottlenecks in the system and unnecessary complications. Service and team restructures within the wider organisation is also likely to see a reduction in staff numbers which could create additional capacity pressures on those staff who remain and are involved in procurement activity (both corporately and within services).

The procurement strategy will need to respond to this challenge by:

- Consideration of how we can maintain an effective corporate procurement service in the face of shrinking budgets
- Within that corporate team some consideration of what measures could be in place to manage workloads effectively, support continuing professional development, and more generally how we can retain, or recruit, motivated and dedicated procurement officers.

### **Embedding the use of new technology**

One of the key tools for improving performance, consistency and compliance, whilst also helping to achieve savings, will be the introduction and use of new technology such as the use of Proactis for the submission and subsequent assessment of tenders. To optimise the benefits, such technology needs to be used corporately throughout the organisation, and needs to be as intuitive and straightforward to use as possible to promote a “right first time” result.

The financial investment in the required technology solutions has already been made, but this needs to be matched by investment of resources to ensure that the technology is rolled out effectively, support is put in place to aid its practical application, and there is a cultural shift so that the new technology becomes the business as usual norm and any previous systems and processes are de-commissioned.

The procurement strategy will need to respond to this challenge by:

- Outlining how technology will be used to improve performance and compliance, and what management measures will be put in place to support its implementation

### **Joint Procurement Service with Flintshire**

The Joint Collaborative Procurement Service with Flintshire will deliver some tangible benefits but it also presents some challenges. Ideally all processes and policies would be completely aligned in order to maximise the benefits in terms of a consistent approach to procurement activity both internally with council officers, but also externally with our suppliers. Currently there are some variations between the two authorities, for example our CPR's do not exactly align. Whilst different organisational structures, management arrangements and political priorities will always present a challenge to full alignment, the strategy should seek to:

- Develop the format of the strategy document and associated materials in manner which can be easily translated across and adopted by Flintshire; and
- Align as far as possible the processes and policies between the two authorities

# THE STRATEGY

## Key principles

Denbighshire County Council is committed to setting rigorous quality standards and robust commissioning and procurement procedures to ensure that all commissioning and procurement is managed and conducted appropriately in compliance with all legislative requirements and local, UK and EU guidelines. We are committed to making sure that every pound we spend provides value for money for the council and our constituent residents and businesses.

This strategy outlines how we intend to deliver on that commitment, but in order to achieve this the council requires that all staff that are involved in commissioning and procurement to adhere to and promote the following principles:

1. To help reduce or eliminate non-essential spend all staff, before commencing any commissioning or procurement activity, will first consider whether there is an alternative approach to delivering the outcome without the need for the council to spend at all, or at least to reduce the spend.
2. In undertaking any procurement or commissioning activity, all officers must have due consideration of our duties under the Well-being of Future Generations (Wales) Act 2015 to take into account the impact of any decisions we make on the people of Wales – now and in the future. The “sustainable development principle” should be applied to all procurement activity
3. All service areas will work with the corporate procurement team to develop and implement appropriate strategies and mechanisms for delivering value for money in the goods, services or works that they procure.
4. Every procurement exercise will be managed and led by an officer with skills appropriate to the value and risk associated with that arrangement and be conducted with openness, honesty and accountability.
5. The council’s regulatory framework (contract procedure rules, delegations and financial regulations), UK and EU legal requirements will be complied with.
6. All staff involved in the purchase of goods, services or works will utilise corporate negotiated, council wide contracts or frameworks where they exist.
7. Ensure that due regard is made in all commissioning and purchasing decisions to local economic prosperity.

# OUTCOME 1

## Denbighshire County Council achieves value for money from the goods, services and works it procures

The council has always had a duty to ensure we can demonstrate value for money in the delivery of our services, and with increasing budgetary pressure and the need to balance cost reductions against the increasing demand on services, achieving value for money on our bought goods, services and works is more important to the council than ever. However, the ongoing austerity measures and the prospect of ever decreasing budgets means that we now need to go beyond just seeking value for money in the goods, services and works we procure, and be much more proactive in our consideration of options to avoid the need to spend at all, or at least a consideration of how we can significantly reduce the amount we spend. In addition, the administrative cost of sourcing, ordering and paying for goods, services and works is significant. We therefore need to ensure that the way we work is efficient and effective.

### We will work to achieve this outcome by:

1. Considering different **delivery models** and more collaborative working for the services we provide that reduce or remove the need for council expenditure;
2. Continually reviewing our **processes** and endeavour to make them as simple as possible for both internal users and our suppliers, whilst still ensuring we remain legally compliant;
3. Making better **use of technology** to deliver efficiencies in the commissioning and procurement process; and
4. Improving our **contract management** to ensure that the contracts we enter into are delivered to budget and in accordance with the agreed terms and conditions, including the delivery of any required community benefits.
5. Investing in **people and skills** to ensure that we have a well organised and appropriately skilled workforce, who have the motivation and resilience to deliver excellence in all our commissioning and procurement activities.

## **Delivery Models**

### **Why is this important?**

With the current financial situation and budget pressures the Council faces, it is important that we continually review what and why we are procuring, rather than just doing what we have always done. In the same way that when a member of staff leaves there is a consideration of whether the post needs to be replaced at all, or whether there are alternative approaches to delivering the required service, the same approach should be applied to procurement. Before any decision to procure is made we should always consider whether there is an alternative delivery model which would remove, or at least reduce, the need to spend. This could include collaborating with other public sector partners, fundamentally reviewing the nature of a service that we currently provide, or working more closely with third sector organisations to deliver essential services.

### **Where we want to be**

By the end of the strategy period (2021) we expect to see more of our services being delivered through alternative delivery models which are helping us to achieve better value for money.

## **Processes**

### **Why is this important?**

Mistakes and omissions cost time and money to rectify, so “getting it right first time” is a critical requirement if we want to improve efficiency in the procurement process. This is best achieved through simple systems and processes which are easily understood and straightforward to follow. We will always need to balance the requirement for any systems and processes we use with the need for us to remain compliant with the law, but we should seek to make all our systems and processes “good enough” to achieve this compliance, rather than add extra and unnecessary complexity. In some instances, we may need to introduce new systems and processes to ensure we comply with the law and our own internal contract procedure rules.

### **Where we want to be**

By the end of the strategy period (2021) we expect all staff involved in procurement activity to be familiar with and competent in using whatever systems and processes are in place, and to have no instances of non-compliance with the law or our own internal contract procedure rules.

## **Use of Technology**

### **Why is this important?**

Technology has a key role to play in delivering efficiencies in the procurement process. Effective application on technology will reduce transaction costs for both the council and its suppliers, speed up delivery timescales, improve compliance with procurement law and regulation, and generally improve transparency of the whole procurement process. It also enables the capture of management information which is critical to support intelligence-led decision making.

### **Where we want to be**

By the end of the strategy period (2021) we want to demonstrably be using technology to provide an end-to end electronic procurement service to improve delivery quality and consistency.

## **Contract Management**

### **Why is this important?**

We have traditionally placed a lot of emphasis on the point in the procurement process where we invite bids and award contracts, but not always on the subsequent management of those contracts. Making sure that these contracts deliver what is expected – in terms of costs, time, specification, and where included community benefits – is fundamental to achieving value for money. This requires active management and regular review of the contract, rather than a “let and forget” approach.

### **Where we want to be**

By the end of the strategy period (2021) we expect all of our contracts to be delivered in line with the cost contained in the terms and conditions of the contract at award stage, except where variations to this have been formally agreed and recorded.

## **People & Skills**

### **Why is this important?**

We have an ambitious strategy with demanding targets to achieve, and we will only be a successful if we have the right people, with the skills, development opportunities and support in place. This applies to both the officers in the corporate procurement team, but also to officers throughout the council who are undertaking commissioning and procurement activity.

### **Where we want to be**

By the end of the strategy period (2021) we want to have a well organised and appropriately skilled workforce, who have the motivation and resilience to deliver excellence in all our procurement activities.

## Measuring our progress for Outcome 1

Annual High Level Indicators	2015 baseline	Desired Trend
Total cashable savings achieved from all spend through procurement activity*.	No Baseline	TBC
Total cashable savings achieved from revenue spend through procurement activity*.	No Baseline	TBC
Percentage of officers attending procurement training categorising the quality of the training as “good” or better.	No Baseline	↑
Percentage of Middle Management Team assessing their knowledge of procurement as “good” or better.	8%	↑
Percentage of Middle Management Team who have read or referred to the Contract Procedure Rules in the last 12 months.	33%	↑
Percentage of internal customers categorising the service from the corporate procurement team as “good” or better.	No Baseline	TBC

Annual Performance Measures	2015 baseline	Desired Trend
Percentage of contracts over £25,000 where a commission form has been completed.	No Baseline	TBC
Percentage of contracts over £25,000 where a sustainability assessment has been completed.	No Baseline	TBC
Percentage of contracts over £25,000 where all required documentation (evaluation criteria, t & c’s, etc.) are available prior to inviting tenders.	No Baseline	TBC
Percentage of contracts over £25,000 where a tender exercise is undertaken but no award is made.	No Baseline	TBC
Percentage of contracts over £25,000 where the contract award amount is no more than the estimated budget.	No Baseline	TBC
Percentage of contracts over £25,000 where the final contract cost is no more than the tender award amount.	No Baseline	TBC
Percentage of contracts over £25,000 with a signed or sealed contract in place within 6 weeks of the contract award.	No Baseline	TBC
Percentage of goods, services and works procured through purchasing arrangements established by the National Procurement Service.		N/A

*\*Formula to agree how cashable savings will be calculated scheduled to be in place by 31/03/16, with measure for 2016/16 Financial Year being available by the end of quarter 1, 2017/18.*

**NOTE:** *Where no baseline data has been provided, the information is currently unavailable. In most cases this data will be provided through the electronic procurement system for which full compliance is required from 1 April 2016. Once a year of use of the electronic system has been completed (March 2017), baselines will be provided.*

## OUTCOME 2

### Denbighshire County Council improves the contribution its procurement activity has on the local economy

The council's spend is a major driver for local economic development and creation of a thriving and prosperous economy. However, the need to deliver savings and efficiency improvements will invariably lead to a reduction in the number of suppliers and contractors that directly trade with the council. To ensure that our procurement activity continues to have a positive impact on the local economy, it is important for us to look at ways to improve access to the council and its business opportunities and to support the development of local suppliers. We want to be confident that our procurement policies and procedures do not disadvantage local businesses, and that they find it easy to do business with us.

#### We will work to achieve this outcome by:

1. Working proactively on **local supplier development** to ensure that businesses and the third sector are aware of the opportunities to sell to the council and are capable of submitting high quality bids to opportunities that arise;
2. Developing **new approaches** to how we structure our offers to the market and related contracts to ensure we create opportunities for local businesses to bid and potentially win business from the council;
3. Delivering more and better **community benefits** through the procurement process

### Local Supplier Development

#### Why is this important?

With the likelihood of the amount the Council spends on goods, works and services reducing year on year for the foreseeable future, it is ever more important to ensure that where we are spending there are opportunities for Denbighshire based businesses to bid for and win contracts with the Council. To ensure this is the case, we need to be working closely with key partners like the Federation of Small Businesses (FSB), North Wales Business Council and Business Wales to provide the advice and support Denbighshire's business community will need to submit good quality bids for contracts the Council advertises.

#### Where we want to be

By the end of the strategy period (2021) we want to demonstrably be providing more and better opportunities for local businesses to purchase from the Council.



## **New Approaches**

### **Why is this important?**

As well as the external-facing support we need to provide to businesses, we also need to look internally and consider how we approach the market for the goods, services and works that we require. The manner in which we do this can have a significant impact on how attractive and accessible that offer will be to Denbighshire based businesses. For example, a bid evaluation process and contract that includes criteria for after-sales service or minimum response times will create opportunities for local businesses, whereas contracts that exclude these type of requirements may not. We also need to make sure that it as straightforward as possible to do business with us by reviewing, simplifying and standardising processes we require businesses to follow when bidding to supply the Council and subsequently in delivering contracts.

### **Where we want to be**

By the end of the strategy period (2021) we want to be confident that our procurement policies and procedures do not disadvantage local businesses, and that they find it easy to do business with us.

## **Community Benefits**




### **Why is this important?**

Community benefits are contractual clauses which can be used to build a range of economic, social, or environmental conditions into the delivery of our contracts. They allow us to align our procurement activity with our corporate objectives and in so doing contribute to our ambition of developing the local economy, creating more jobs and tackling poverty in the county.

### **Where we want to be**

By the end of the strategy period (2021) we want to demonstrably be delivering more and better community benefits through the procurement process

## Measuring our progress for Outcome 2

Annual High Level Indicators	2015 baseline	Desired Trend
% of council spend with Denbighshire businesses	31%	
% of council spend with North Wales businesses	52%	
% of council spend with Welsh businesses	59%	
% of council spend with businesses in the Mersey/Dee Alliance area	TBC	TBC
% of Denbighshire based suppliers to whom the Council has made a payment who are registered on the Proactis Portal.	No Baseline	TBC
% of suppliers categorising the council as “very good” or “good” at contract end in supplier satisfaction surveys	No Baseline	TBC

Annual Performance Measures	2015 baseline	Desired Trend
% of offers to the market with at least one Denbighshire based business bidding at the Low Value threshold (£10,001 to £25,000)	No Baseline	TBC
% of offers to the market with at least one Denbighshire based business bidding at the Intermediate Value threshold (£25,001 to OJEU)	No Baseline	TBC
% of offers to the market with at least one Denbighshire based business bidding at the High Value threshold (OJEU)	No Baseline	TBC
% of bids received from Denbighshire based businesses as a proportion of total bids received at the Low Value threshold	No Baseline	TBC
% of bids received from Denbighshire based businesses as a proportion of total bids received at the Intermediate Value threshold	No Baseline	TBC
% of bids received from Denbighshire based businesses as a proportion of total bids received at the High Value threshold	No Baseline	TBC
% of successful bids from Denbighshire based businesses as a proportion of the total number of successful bids at the Low Value threshold	No Baseline	TBC
% of successful bids from Denbighshire based businesses as a proportion of the total number of successful bids at the Intermediate Value threshold	No Baseline	TBC
% of successful bids from Denbighshire based businesses as a proportion of the total number of successful bids at the High Value threshold	No Baseline	TBC
% of contracts awarded in the financial year over £1,000,000 with community benefits included in contract documents	No Baseline	TBC
% of contracts awarded in the financial year under £1,000,000 with community benefits included in contract documents	No Baseline	TBC

**NOTE:** Where no baseline data has been provided, the information is currently unavailable. In most cases this data will be provided through the electronic procurement system for which full compliance is required from 1 April 2016. Once a year of use of the electronic system has been completed (March 2017), baselines will be provided.

# DELIVERING THE STRATEGY

Delivering the outcomes described in this strategy is not the preserve of any one Council service or team, but will require contributions from all teams and departments. All services procure, and therefore all have a contribution to make to improve our performance in terms of both achieving value for money, and on the impact our procurement activity has on the local economy.

## Action Plan

Accompanying this strategy is an Action Plan which sets out the individual actions that are planned in order to deliver the agreed outcomes. To ensure clarity, accountability and to effectively monitor progress the Action Plan will apply the following principles:

- An annual report detailing performance in relation to the identified Indicators and Performance Measures will be produced annually by the Corporate Procurement Team, broken down to individual services wherever data is available at this level;
- The Action Plan will be reviewed and revised annually by the Corporate Procurement Team based on the information provided in the above referenced report, to ensure actions and resources are targeted based performance over the preceding 12 months;
- The individual actions within the Action Plan will be entered onto and monitored using the Council's Verto system;
- Each action will have **one** manager from Middle Management Team (MMT) identified as responsible for ensuring the action is delivered, rather than individual officers or teams. This manager may delegate the action, or work in partnership with other areas of the Council or partner organisations to deliver the action, but for the purposes of clarity and accountability only one name – from MMT – will be entered in the Action Plan;
- Each action will have clearly identified what evidence will demonstrate the action has been completed. This will provide clarity and enable a consistent approach to monitoring using the Verto system whereby:
  - i. GREEN: action on track to be delivered to the agreed deadline
  - ii. YELLOW: experiencing obstacles and may not be delivered to the agreed deadline
  - iii. ORANGE: experiencing obstacles and highly unlikely to be delivered to the agreed deadline
  - iv. RED: delivery deadline has passed and the action is still outstanding
  - v. BLUE: action completed

## Outcome Owners

To ensure senior management engagement with the delivery of the strategy, it is proposed that each of the two outcomes will have a member of the Senior Leadership Team (SLT) assigned as the “Outcome Owner”. The key purpose of this role is to monitor the delivery of outcome, providing a strategic overview to:

- ensure the outcome actions are being delivered on time and to an acceptable quality threshold;
- have a clear sight of the outcome’s indicators and performance measures, and continually monitor and evaluate whether or not the agreed actions are helping to deliver the outcome;
- help ensure that resources – time and money – are used effectively and in a way that optimises the delivery of the outcome;
- be an advocate of procurement’s transformation and ensure that the required culture change is embedded with both officers and members; and
- more generally ensure that communication with key stakeholders (including national bodies and other public sector organisations) is taking place.

It is also considered appropriate that the Outcome Owner for Outcome 2: Local Economy should also perform the role of “Community Benefits Champion” for the Council. This role is advocated in the Wales Procurement Policy Statement, and is required to promote and increase the use of community benefits in our procurement activity.

## Governance arrangements

A Procurement Transformation Board has already been established to monitor the delivery of this strategy and the revision of the Council’s Contract Procedure Regulations (CPRs). It is proposed that the Board will continue to meet to monitor delivery of the Action Plan and ensure progress is being made towards achievement of the outcomes. As of March 2016 Board membership is as follows:

- |                             |   |
|-----------------------------|---|
| • Jamie Groves              | Head of Finance, Assets & Housing         |
| • Steve Parker              | Head of Highways & Environmental Services |
| • Phil Gilroy               | Head of Community Support Services        |
| • Mike Learmond             | FSB/NW Business Council Representative    |
| • Cllr Julian Thompson-Hill | Lead Member for Finance & Efficiency      |
| • Cllr Hugh Evans           | Lead Member for Economic Development      |
| • Cllr Barbara Smith        | Lead Member for Modernising & Performance |
| • Cllr David Simmons        | Chair of Performance Scrutiny             |
| • Cllr Jason McLellan       | Chair of Corporate Governance Committee   |

Updates on progress towards the outcomes will also be reported to relevant Council committees and groups as and when required.

# APPENDIX B

# Contract Procedure Rules

FINAL DRAFT Jan 2016



## CONTENTS

Page

<a href="#"><u>Introduction</u></a>	3
<a href="#"><u>Tables – Procurement Thresholds and Authorisation Levels</u></a>	4
<a href="#"><u>Section 1 – General Arrangements</u></a>	6
1.1 <a href="#"><u>Over-riding Principles</u></a>	6
1.2 <a href="#"><u>Compliance</u></a>	6
1.3 <a href="#"><u>Welsh Language Standards</u></a>	6
1.4 <a href="#"><u>Procurement by Council Staff</u></a>	7
1.5 <a href="#"><u>Procurement by consultants, agency staff or other non-council staff</u></a>	7
1.6 <a href="#"><u>Declaration of Interests</u></a>	8
1.7 <a href="#"><u>ICT procurement</u></a>	8
1.8 <a href="#"><u>Property and works related procurement</u></a>	8
1.9 <a href="#"><u>Approved lists</u></a>	9
1.10 <a href="#"><u>Land contracts and appointment of developers</u></a>	9
1.11 <a href="#"><u>Electronic procurement</u></a>	9
1.12 <a href="#"><u>Amendment and review of the CPRs</u></a>	10
<a href="#"><u>Section 2 – Procurement Planning</u></a>	11
2.1 <a href="#"><u>Framework agreements and other corporate purchasing arrangements</u></a>	11
2.2 <a href="#"><u>Estimating the contract value</u></a>	13
2.3 <a href="#"><u>Pre-quotation/tender market testing and consultation</u></a>	13
2.4 <a href="#"><u>Community benefits</u></a>	14
2.5 <a href="#"><u>Planning the procurement process</u></a>	15
2.6 <a href="#"><u>Sustainability assessment</u></a>	16
2.7 <a href="#"><u>Authority to decide procurement strategy and invite competitive bids</u></a>	16
2.8 <a href="#"><u>Exempt contracts</u></a>	17
2.9 <a href="#"><u>Exceptions</u></a>	17
2.10 <a href="#"><u>Additional exceptions for the Light-Touch Regime</u></a>	19
2.11 <a href="#"><u>Authority to approve exceptions</u></a>	20
<a href="#"><u>Section 3 – Procurement Documentation Preparation</u></a>	22
3.1 <a href="#"><u>Preparing documentation</u></a>	22
3.2 <a href="#"><u>Tender specifications – Standards</u></a>	22
3.3 <a href="#"><u>Tender specifications – Nominated products</u></a>	22
3.4 <a href="#"><u>Tender specifications – Nominated suppliers and subcontractors</u></a>	23
3.5 <a href="#"><u>Contract terms and conditions</u></a>	23
3.6 <a href="#"><u>Sub-contracting</u></a>	23
3.7 <a href="#"><u>Evaluation criteria</u></a>	24
3.8 <a href="#"><u>Variant bids</u></a>	24

<b><u>Section 4 – Offer to Market</u></b>	<b>25</b>
4.1 <a href="#">Buying - up to £10,000 (Goods, Services &amp; Works)</a>	25
4.2 <a href="#">Low Value Procurement - £10,001 to £25,000 (Goods, Services &amp; Works)</a>	26
4.3 <a href="#">Intermediate Value Procurement - £25,000 to OJEU Threshold (Goods and Services)</a>	26
4.4 <a href="#">Intermediate Value Procurement - £25,000 to OJEU Threshold (Works)</a>	27
4.5 <a href="#">High Value Procurement – above the relevant OJEU Threshold (Goods, Services &amp; Works)</a>	28
4.6 <a href="#">Light-Touch Regime</a>	29
4.7 <a href="#">Electronic arrangements</a>	30
4.8 <a href="#">Hard copy arrangements</a>	30
4.9 <a href="#">Advertising</a>	31
<b><u>Section 5 – Evaluation &amp; Contract Award</u></b>	<b>32</b>
5.1 <a href="#">Late submissions</a>	32
5.2 <a href="#">The evaluation process</a>	32
5.3 <a href="#">Errors and omissions in submitted bids</a>	32
5.4 <a href="#">Post-quotation/tender negotiations and clarification</a>	32
5.5 <a href="#">Awarding the contract</a>	33
5.6 <a href="#">Notifying candidates</a>	34
5.7 <a href="#">Contract award notice</a>	34
5.8 <a href="#">Letters of intent</a>	35
5.9 <a href="#">Bonds, Securities, Liquidated and other damages</a>	35
5.10 <a href="#">Parent Company Guarantee</a>	35
5.11 <a href="#">Non-concluded terms and conditions</a>	35
5.12 <a href="#">Contract documents</a>	36
5.13 <a href="#">Contract signatures</a>	36
5.14 <a href="#">Sealing of contracts</a>	36
5.15 <a href="#">Sub-contracting notification</a>	37
5.16 <a href="#">Contracts Register</a>	37
<b><u>Section 6 – Contract Management</u></b>	<b>39</b>
6.1 <a href="#">Managing contracts</a>	39
6.2 <a href="#">Risk assessment and contingency planning</a>	39
6.3 <a href="#">Contract performance</a>	39
6.4 <a href="#">Change in sub-contractors</a>	40
6.5 <a href="#">Assignments and novation</a>	40
6.6 <a href="#">Termination of contract</a>	40
6.7 <a href="#">Contract modifications and extensions</a>	40
6.8 <a href="#">Authority to decide contract terminations, modifications and extensions</a>	41
6.9 <a href="#">Contract end</a>	42
<b><u>Appendix A – Glossary of Terms</u></b>	<b>44</b>
<b><u>Appendix B – Roles &amp; Responsibilities of Officers</u></b>	<b>47</b>
<b><u>Appendix C – OJEU and LTR Thresholds</u></b>	<b>51</b>
<b><u>Appendix D – Schedule 3 of the Public Contract Regulations 2015</u></b>	<b>52</b>
<b><u>Appendix E – Useful Websites</u></b>	<b>55</b>

# INTRODUCTION

Procurement is the process by which the council manages the acquisition of all its goods, services (including but not limited to consultants/consultancy services of any type) and works of all sorts. It includes the identification of need, consideration of options, the actual procurement process and the subsequent management and review of the contracts. These contract procedure rules (CPRs) apply to all areas of council activity and any type of sub-contracting, apart from contracts for the acquisition and sale of interests in land and the exempt contracts described in CPR [2.8 “Exempt contracts”](#).

These CPRs have the following key objectives:

1. To ensure that the council obtains value for money and achieves its duty of achieving best value as defined in section 3 of the Local Government Act 1999;
2. To ensure that the council complies with UK and European law that governs the procurement of goods, services and works;
3. To establish procurement procedures which, when followed, should protect members and officers of the council from any allegation of acting unfairly or unlawfully which may be made in connection with any procurement by the council relating to goods, services or works;
4. To ensure that any risks associated with commencing procurement processes and subsequently entering into contracts are assessed as part of the procurement process; and
5. To ensure that fairness and transparency remains at the forefront of all procurement activity undertaken by officers and approved by members on behalf of the council.

Procurement by the council is governed by detailed European and United Kingdom legislation, as are other areas of council contracting. The law requires all council procurement and contracting to be conducted transparently, fairly and in a non-discriminatory manner. In the event of statutory or other legal requirements exceeding the requirements contained within these CPRs, then statute shall take precedence over any provision within these CPRs.



# Table 1

## Procurement Thresholds

Contract Value	Minimum Competition Requirements	Other Requirements	CPR Section
Up to £10,000	1 verbal or written quote able to demonstrate value for money	<ul style="list-style-type: none"> <li>Use of Quick Quotes function encouraged</li> </ul>	<a href="#">4.1</a>
£10,001 to £25,000	4 quotations via the Council's electronic procurement system	<ul style="list-style-type: none"> <li>Prepare a formal "request for quotation" (RFQ)</li> <li>Sell2Wales advertisement can be used in place of RFQ</li> <li>Quotations must be received via electronic procurement system</li> </ul>	<a href="#">4.2</a>
£25,001 to OJEU threshold (Goods & Services)	Advertisement on Sell2Wales via the Council's electronic procurement system	<ul style="list-style-type: none"> <li>Must be supported by a named officer from Corporate Procurement team</li> <li>A commissioning form must be completed</li> <li>Complete a corporate sustainability assessment</li> <li>Prepare all tender documents prior to placing advertisement</li> <li>Tenders must be received via electronic procurement system</li> <li>Community Benefits mandatory for contracts above £1m and encouraged for contracts below £1m</li> </ul>	<a href="#">4.3</a>
£25,001 to OJEU threshold (Works)	<ul style="list-style-type: none"> <li>Advertisement on Sell2Wales via the Council's electronic procurement system</li> <li>4 quotations via the Council's electronic procurement system – for certain contracts below £25k (see CPR 4.4.3)</li> </ul>	<ul style="list-style-type: none"> <li>Must be supported by a named officer from Corporate Procurement team</li> <li>A commissioning form must be completed</li> <li>Complete a corporate sustainability assessment</li> <li>Prepare all tender documents prior to placing advertisement</li> <li>Tenders must be received via electronic procurement system</li> <li>Community Benefits mandatory for contracts above £1m and encouraged for contracts below £1m</li> </ul>	<a href="#">4.4</a>
Above the relevant OJEU threshold	Advertisement on both OJEU and Sell2Wales via the Council's electronic procurement system	<ul style="list-style-type: none"> <li>Must be supported by a named officer from Corporate Procurement team</li> <li>A commissioning form must be completed</li> <li>Complete a corporate sustainability assessment</li> <li>Prepare all tender documents prior to placing advertisement</li> <li>Minimum OJEU time limits for tender submissions must be followed</li> <li>Tenders must be received via electronic procurement system</li> <li>Community Benefits mandatory for contracts above £1m and encouraged for</li> </ul>	<a href="#">4.5</a>

		<ul style="list-style-type: none"> <li>contracts below £1m</li> <li>OJEU requirements for notifying bidders must be followed (<a href="#">CPR 5.6</a>)</li> </ul>	
Light-Touch Regime (below OJEU)	As above depending on the value of the contract	<ul style="list-style-type: none"> <li>As above depending on the value of the contract</li> <li>A commissioning form must be completed if the contract is above £25k</li> </ul>	<a href="#">4.6</a> , <a href="#">4.1</a> <a href="#">4.2</a> , <a href="#">4.3</a>
Light-Touch Regime (above OJEU)	Advertisement on both OJEU and Sell2Wales via the Council's electronic procurement system	<ul style="list-style-type: none"> <li>Must be supported by a named officer from Corporate Procurement team</li> <li>A commissioning form must be completed</li> <li>Complete a corporate sustainability assessment</li> <li>Prepare all tender documents prior to placing advertisement</li> <li>Tenders must be received via electronic procurement system</li> <li>Community Benefits mandatory for contracts above £1m and encouraged for contracts below £1m</li> </ul>	<a href="#">4.6</a>

## Table 2

### Authorisation thresholds for approving procurement strategy and inviting competitive bids

Value	Authorisation Required from	Documents Required
Up to £25,000	The Manager of the team where the procurement activity will be taking place, providing they have authority to approve spend to the estimated contract value. If they do not have authority to spend, then by the Head of Service where the procurement activity is taking place.	<ul style="list-style-type: none"> <li>No formal report required</li> </ul>
£25,001 to £1,000,000	Head of Service where the procurement activity is taking place, the Section 151 Officer, and the Monitoring Officer. (Any of these individuals can refer the decision to Cabinet for consideration under the Cabinet Members Scheme of Delegation)	<ul style="list-style-type: none"> <li>Commissioning Form</li> </ul>
£1,000,001 to £2,000,000	The relevant Cabinet Member (with agreement from Head of Service where the procurement activity is taking place, the Section 151 Officer, and the Monitoring Officer). The Cabinet Member can refer the decision to Cabinet for consideration under the Cabinet Members Scheme of Delegation.	<ul style="list-style-type: none"> <li>Commissioning Form</li> <li>Delegated decision report</li> </ul>
£2,000,001 and above	Cabinet	<ul style="list-style-type: none"> <li>Commissioning Form</li> <li>Cabinet report</li> </ul>

# SECTION 1

## GENERAL ARRANGEMENTS

### 1.1 Over-riding principles

- 1.1.1 These CPRs are not intended to conflict with European Union and domestic law. Statutory legal obligations shall always take precedence over these CPRs.
- 1.1.2 These CPRs govern organisational behaviour in the conduct of procurement. It is a given that such behaviour is undertaken in support and delivery of the wider policies and objectives of the council.
- 1.1.3 Nothing in these CPRs shall relieve the council from its duty to spend public money wisely. Officers must always seek value for money.
- 1.1.4 The nature and extent of procurement activity must be appropriate and proportionate to the nature and value of the goods and services being procured. Procurement management must be optimised to make the most of council resources.
- 1.1.5 Utmost probity must be demonstrated at all times.
- 1.1.6 Arrangements for contracts made by schools shall not be subject to these CPRs but shall be subject to their own contract procedure rules.
- 1.1.7 Where there is any doubt about the interpretation or implementation of any of the CPRs, clarification and guidance should always be sought from the Corporate Procurement Team.

### 1.2 Compliance

- 1.2.1 Every contract entered into by the council shall be entered into pursuant to or in connection with the council's functions and shall comply with:
  - i. All relevant statutory provisions
  - ii. Insofar as they apply, the relevant European procurement rules;
  - iii. The council's constitution, including these contract procedure rules, the council's financial regulations, schemes of delegation, the Officer Code of Conduct, the council's strategic objectives, procurement strategy and relevant council policies;
- 1.2.2 Any failure by officers to comply with any of the provisions of these CPRs may result in disciplinary action.

### 1.3 Welsh Language Standards

1.3.1 **All** advertisements in Sell2Wales and, where relevant, in the Office Journal of the European Union (OJEU), **must** be published bilingually in Welsh and English. The advertisement must state that quotations or tenders may be submitted in Welsh, and that a quotation or tender submitted in Welsh will be treated no less favourably than a quotation or tender submitted in English.

1.3.2 When requesting quotations or inviting tenders, **all** accompanying documentation (including criteria and evaluation methodology, draft contract/terms and conditions and specification) **must** be available in Welsh as well as English, and at the same time as the English Language versions are available, where:

- i. The subject matter of the contract suggests that it should be produced in Welsh; or
- ii. Where the anticipated audience, and their expectations, suggests that the documents should be produced in Welsh.

In all other circumstances it is acceptable to produce English only documents, notwithstanding the requirement for all advertisements to be bilingual as per CPR 1.3.1 above.

1.3.3 Where a quotation or tender has been submitted in Welsh, this must be treated no less favourably than a submission in English (including, amongst other matters, in relation to the closing date for receiving submissions, and in relation to time-scale for informing bidders of decisions).

1.3.4 If a quotation or tender has been submitted in Welsh, and it is necessary to interview the bidder as part of the assessment process, you must:

- i. Offer to provide a translation service from Welsh to English to enable the bidder to use the Welsh language at the interview; and
- ii. If the bidder wishes to use the Welsh language at interview, provide a simultaneous translation service for that purpose (unless you conduct the interview in Welsh without a translation service).

1.3.5 When informing a bidder of the decision in relation to a quotation or tender, you must do so in Welsh if the quotation or tender was submitted in Welsh.

## **1.4 Procurement by council staff**

1.4.1 Any council officer can undertake procurement activity under the direction of their line manager, having had due consideration of:

- i. The capability of that officer in question i.e. do they have sufficient experience and/or have they had appropriate training to competently carry out the procurement activity, particularly when undertaking procurement at intermediate value or above (see CPRs [4.3](#) to [4.5](#)); and
- ii. The capacity of that officer i.e. do they have enough time to undertake the required tasks associated with the procurement activity, and can these requirements be balanced effectively with their other duties.

## **1.5 Procurement by consultants, agency staff or other non-council staff**

1.5.1 Where the council uses consultants, agency staff and/or any other non-council officer to act on its

behalf in relation to any procurement, then the head of service where the procurement activity is taking place shall ensure that they carry out any procurement in accordance with these CPRs and all statutory procurement obligations.

- 1.5.2 No consultant shall make any decision on whether to award a contract or who the contract should be awarded to. Determination of these decisions is detailed in [CPR 5.5](#).
- 1.5.3 Where the council uses consultants, agency staff and/or any other non-council officer to act on its behalf in relation to any procurement, they must declare any potential conflict of interest that may arise to the head of service prior to the commencement of the procurement process or at such time as the contractor becomes aware of such potential conflict of interest. Where the head of service considers that such a conflict of interest is significant the individual or company shall not be allowed to participate in the procurement process.
- 1.5.4 Note that it is the council, as the contracting authority, which is responsible for all actions and decisions of non-council staff in relation to the conduct of procurements, therefore there need to be proper governance procedures in place to manage and monitor non-council staff appropriately.

## **1.6 Declaration of interests**

- 1.6.1 No member, officer or agent of the council shall improperly use their position to obtain any personal or private benefit from any contract entered into by the council.
- 1.6.2 Members and employees of the council shall comply with the requirements of section 117 of the Local Government Act 1972 and the officers and members code of conduct set out in the Constitution in respect of the declaration of interests in contracts with the council.
- 1.6.3 Such interests must be declared to the monitoring officer for inclusion in the appropriate registers, and a record of any conflict of interest pertaining to a contract should be placed on the contract file on the council's electronic procurement system, detailing how the conflict has been addressed.

## **1.7 ICT procurement**

- 1.7.1 All ICT procurement - including hardware, software and licences – shall be undertaken centrally by the Business Transformation & ICT team (or its successor). Any exception to this will need to be justified by the head of service where the procurement activity is taking place and approved by the Head of Business Improvement & Modernisation, and a record of this justification and approval attached to the contract file on the council's electronic procurement system.

## **1.8 Property and works related procurement**

- 1.8.1 All property and works related procurement projects shall be undertaken either by:
  - i. Property team (or its successor) for building construction, building maintenance and

landscaping related works for council owned properties. Any exception to this will need to be justified by the head of service where the procurement activity is taking place and approved by the Property Manager, and a record of this justification and approval attached to the contract file on the council's electronic procurement system.

- ii. Built Environment Team (or its successor) for building construction and/or building maintenance works relating to private sector properties. Any exception to this will need to be justified by the head of service where the procurement activity is taking place and approved by the Built Environment Manager, and a record of this justification and approval attached to the contract file on the council's electronic procurement system.
- iii. Highways & Environmental Services (or its successor) for highways construction and civil engineering projects. Any exception to this will need to be justified by the head of service where the procurement activity is taking place and approved by the Strategic Highways Manager, record of this justification and approval attached to the contract file on the council's electronic procurement system.

1.8.2 Where Services have existing frameworks that can be called upon without the need for the involvement of the teams listed in CPRs 1.8.1 then this should be allowed where it offers value for money.

## **1.9 Approved lists**

1.9.1 The council will seek to replace all of these approved lists with more formal procurement arrangements by 31<sup>st</sup> March 2016.

## **1.10 Land contracts and appointment of developers**

1.10.1 All land transactions must comply with section 120 – 123 of the Local Government Act 1972.

1.10.2 Any land contracts are deemed to be Development Agreements where:

- i. The council requires or specifies works to be undertaken by the developer; and/or
- ii. The developer enters into an enforceable written obligation to carry out work; and/or
- iii. The developer may have some pecuniary interest – which need not necessarily be a cash payment – in carrying out the works.

Any land contracts which involve development agreements shall be notified to the Monitoring Officer and advice sought.

## **1.11 Electronic procurement**

1.11.1 From 1<sup>st</sup> April 2016, requests for quotations above the value of £10,001 and **all** tenders must be conducted using the council's approved electronic system. It is the responsibility of the head of

service to ensure that their staff comply with this regulation.

- 1.11.2 Any officer required to use the council's electronic procurement system in the course of their duties must obtain written line management approval and notify the corporate procurement team so that they can be registered on the system. Similarly, it is the responsibility of the relevant line manager to notify the Corporate Procurement Team of changes to any officer's eligibility for using the system (e.g. staff leaving or disciplinary measures) at earliest opportunity so that the user access can be deactivated.

## **1.12 Amendment and review of the CPRs**

- 1.12.1 A full review of these CPRs will be undertaken following any substantive changes to EU or UK law, or within five years of adoption, whichever is the sooner. Any changes to these CPRs will require the approval of Council.
- 1.12.2 Amendments to the appendices associated with these CPRs can be updated and/or amended as necessary by the Corporate Procurement Team in agreement with the Monitoring Officer.

# SECTION 2

## PROCUREMENT PLANNING

### GUIDANCE NOTE 1

#### Preparation and planning

This preparation and planning stage of the process is critical and will influence all future activity on the contract. If this part of the process is done correctly then the rest should flow without difficulty, but the reverse is also true. The key tasks at the planning stage include:

- **engagement with key stakeholders** in order to identify and assess needs – what is being procured and why? What is the key driver for the procurement? What are the critical success factors? What outcomes are being sought?
- **options appraisal** to look at different ways of meeting the identified needs (e.g. buy, lease or rent?)
- **budget and funding**, to define a realistic budget for the contract to achieve the desired results and then securing the funds to finance the contract
- **selection of the appropriate procedure** – open, restricted, negotiated/competitive dialogue or innovative (*see Guidance Note 4*)
- where a tender is to be awarded on both price and quality, the **criteria and evaluation methodology** need to be developed and finalised

The results of this planning stage should be properly documented in the commissioning form and attached to the contract document of the council's electronic procurement system. It is quite common to underestimate the planning stage or not carry it out at all. Depending on the size and complexity of the contract, this stage of the process might take months before a tender notice is published. The biggest (and potentially most costly) and most common errors on contracts result from inadequate planning.

---

### 2.1 Framework agreements and other corporate purchasing arrangements

2.1.1 In some instances the council has entered into corporate purchasing agreements for certain goods, services and works. The use of these corporate purchasing agreements is **mandatory** and correct use, as advised by the Corporate Procurement Team, is sufficient to ensure officers meet their responsibilities for compliance. Such arrangements include:

- i. Corporate purchasing agreements resulting from the National Procurement Service (NPS) or any other approved official purchasing consortiums;
- ii. Any other framework agreements and any subsequent call-off arrangements;
- iii. Any joint procurement arrangements with another council or public sector organisation;
- iv. Electronic catalogues endorsed for use by the council



## GUIDANCE NOTE 2

### What is a framework agreement?

Framework Agreements are agreements between the council and one, or three or more suppliers for the provision of goods, services or works on agreed terms for a specific period, for estimated quantities against which orders may be placed if and when required during the contract period. The Public Contract Regulations stipulate that framework agreements can be concluded with a single provider or with several providers, for the same goods, works or services. In the latter case, there must be at least three providers, as long as there are sufficient candidates satisfying the selection criteria and which have submitted compliant bids meeting the award criteria. The term of a Framework Agreement must not exceed four years and, while an agreement may be entered into with one provider, where an agreement is concluded with several organisations there must be at least three in number.

Where frameworks are awarded to several organisations, contracts based on framework agreements may be awarded in one of two ways:

1. Where the terms of the agreement are sufficiently precise to cover the particular call-off, by applying the terms laid down in the framework agreement without re-opening competition; or
2. Where the terms laid down in the framework agreement are not precise or complete enough for the particular call-off, by holding a further competition in accordance with the following procedure:
  - i. Inviting the organisations within the framework agreement, that are capable of executing the subject of the contract, to submit bids electronically via the “further competition” step on the council’s approved electronic procurement system, with an appropriate time limit for responses; or
  - ii. Awarding each contract to the bidding organisation who has submitted the best bid on the basis of the relevant award criteria set out in the framework agreement.

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2.1.2 It is the responsibility of the manager of the team where the procurement activity is taking place to ascertain whether there is a framework or other corporate purchasing agreement in place by checking the contracts register. If in any doubt the advice of the Corporate Procurement Team should be sought. The use of frameworks not on the contracts register is only permissible once they have been checked for compliance with procurement regulations by the Corporate Procurement Team.

2.1.3 Any joint procurement arrangements with other local authorities and/or public sector bodies, including membership or use of any consortia, must be approved in writing by the Corporate Procurement Team.

2.1.4 When using frameworks the assessment criteria, weightings and any special conditions detailed in that framework agreement must be fully complied with.

2.1.5 In exceptional circumstances alternatives to using corporate purchasing agreements may be considered appropriate. In such cases the head of service where the procurement activity is taking place shall consult with the Corporate Procurement Team. Where an alternative approach is proposed, a report must be provided by the head of service setting out the detail and the justification for the alternative arrangements and attached to the relevant contract file on the council's electronic procurement system.

## **2.2 Estimating the contract value**

2.2.1 The value of the contract means the estimated total monetary value over its full duration (not the annual value), including any extensions or other options, but **not** including VAT. Where the duration of the contract is indeterminate or is longer than four years, this should be taken to be the estimated value of the contract over a period of four years. No procurement may be artificially split to avoid compliance with these CPRs and European Union procurement directives.

2.2.2 Where the same goods, services or works are purchased regularly by the Council it is the aggregated value of these purchases that determines the total contract value. It is the responsibility of the Corporate Procurement Team to monitor such aggregations to ensure the correct procedures are followed.

2.2.3 Where the value is, or may be, equal to or greater than the relevant OJEU threshold, there must be regard to the valuation rules in the [Public Contracts Regulations 2015](#) which are similar to the above, but more detailed.

## **2.3 Pre-quotation/tender market testing and consultation**

2.3.1 It is permissible to consult in general terms with potential suppliers, prior to a request for quotation or invitation to tender, about the nature, level and standard of supply, price range and other relevant matters, and/or whether particular suppliers wish to be invited to quote or tender.

2.3.2 Officers may review the market for a proposed procurement through discussions with suppliers and other research but may not:

- i. Base any specification on one contractor's offering such as to distort competition. Bidders may be excluded from the procurement in circumstances where their prior involvement would distort competition (and there are no other means of ensuring equal treatment which can be applied);
- ii. Make any indication or commitment to contractors that their offer may be preferred by the council;
- iii. Suggest any procurement route which is not consistent with these rules;
- iv. Enter into negotiations about price where a competitive procurement process has yet to take place.

2.3.3 A written record, including notes of any meetings held, the responses and the names of all individuals present shall be attached to the contract file on the council's electronic procurement system. It is the responsibility of the manager of the team where the procurement activity is taking place to ensure this is actioned.

## 2.4 Community benefits

- 2.4.1 It is a requirement that all contracts exceeding £1,000,000 in value should include the delivery of community benefits as a contractual obligation on the successful bidder. Any contract funded or part-funded by European or Welsh Government grant is also likely to require the inclusion of community benefits as a contractual obligation, regardless of the value of the contract.

### GUIDANCE NOTE 3

#### What are community benefits?

Community Benefit clauses are contractual clauses which can be used to build a range of economic, social, or environmental conditions into the delivery of public contracts. They allow organisations to contribute to the achievement of outcomes which benefit their local communities by specifying contractual requirements which seek to deliver such wider social benefit. Examples of community benefits which can potentially be included as contractual clauses include:

- training and recruitment opportunities for the economically inactive;
- retention and training for the existing workforce;
- contributions to education
- promotion of social enterprises and supported businesses;
- promoting environmental benefits; and
- supply chain initiatives

There are two approaches to community benefits:

1. The “**Core**” approach – where the community benefits being sought **must** relate to the subject matter of the contract and **must** be included and scored as part of the evaluation procedure and subsequently included in the contract; and
2. The “**Non-Core**” approach – where bidders are asked to provide details of the community benefits they would deliver through the contract (which the council may have specified or may be suggested by the contractor), but these benefits **are not** included and scored as part of the evaluation procedure. These non-core benefits should still be included as contractual requirements and their delivery monitored as part of the normal contract management process.

Many contracts will offer the opportunity to apply both core and non-core community benefits.

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- 2.4.2 For all contracts below £1,000,000 in value the inclusion of community benefits as a contractual obligation is optional (unless required as a condition of grant funding – see [CPR 2.4.1](#)), but encouraged wherever practical.
- 2.4.3 Core community benefits (see Guidance Note 3) must relate to the subject matter of the contract, and must be included as part of the evaluation criteria at quotation/tender stage (see [CPR 3.7.6](#)) and fully evaluated as part of the award selection process. Officers are encouraged to seek the advice of the Corporate Procurement Team when considering how to accommodate community benefits criteria in evaluation criteria and contracts.

- 2.4.4 Non-core community benefits (see Guidance Note 3) **do not** have to relate to the subject matter of the contract, and are **not** included as part of the evaluation criteria at quotation/tender stage (see [CPR 3.7](#)). However, where they have been offered they should subsequently be included as contractual requirements.
- 2.4.5 In **all** cases where community benefits are being delivered, completion of the Welsh Government's Community Benefit Toolkit (or any successor tool provided by or on behalf of the Welsh Government) must be a contractual requirement for the successful contractor, which places an obligation on contractors to provide monitoring information on the community benefits they are delivering. More generally, the delivery of community benefits should be monitored by the named contract manager (see [CPR 6.1](#)) as part of the normal contract management process (see [CPR 6.3.3](#)).

## GUIDANCE NOTE 4

### Selecting the appropriate procedure

At intermediate value procurement (see [CPR 4.3](#)) we move from requesting quotations to the more formal approach of inviting tenders of which there are a number of options. The decision on which procedure to use is a critical one affecting the whole procurement process. The decision should be made and fully justified at the planning stage. The options are:

- **Open:** is a process where all providers interested in the contract and who have responded to an advertisement can submit tenders. All such tenders must be considered without any prior selection process. The selection and evaluation is carried out after the submission of the tenders.
- **Restricted:** is a two-stage process where only those providers who have been invited may submit tenders. The selection and shortlisting are usually carried out on the basis of a Pre-Qualification Questionnaire (PQQ).
- **Negotiated/Competitive Dialogue:** used only in exceptional circumstances (and under guidance of a named officer from the Corporate Procurement Team), this procedure is where the council may, in certain circumstances, negotiate the terms of the contract with one or more suppliers of its choice. Ordinarily negotiation/dialogue should be with not less than 3 candidates provided that there are a sufficient number of candidates available. The candidates with which to hold a competitive dialogue may be selected through a restricted procedure.
- **Innovation Partnerships:** used only in very exceptional circumstances (and under guidance of a named officer from the Corporate Procurement Team), this procedure is where the council can select partners on a competitive basis and have them develop an innovative solution tailored to the requirements.

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## 2.5 Planning the procurement process

- 2.5.1 Whilst the following regulations outline key considerations for the planning stage of any procurement activity, the planning process must end with an approval to procure and commence any required document preparation and subsequently invite offers from the market. The authorisation thresholds and process are detailed later in [CPR's 2.7](#), but note that for any procurement activity where the value of the contract is estimated to be greater than £25,000 a commissioning form must be completed by the service area undertaking the procurement activity in order that the proposed route to market can be assessed and duly agreed/signed off.

- 2.5.2 The purpose of the commissioning form is to ensure that the procurement activity proposed has been properly considered and thought through by the relevant service area, and subsequently for the Corporate Procurement Team to assess whether the proposed route to market is compliant with the law and these CPRs. To enable this assessment the form includes:
- i. Justification of the need to buy;
  - ii. Options appraisal outlining what options were considered and why the preferred option has been selected;
  - iii. Detail of the estimated contract cost and confirmation of which budget the cost will be met from;
  - iv. Details of any exemptions or exceptions are being sought (refer to CPRs [2.8](#) to [2.10](#));
  - v. Confirmation of the procurement route to market proposed (e.g. Framework or competitive route); and
  - vi. Confirmation of what form of contract is to be used.
- 2.5.3 The commissioning form will be completed by the service area undertaking the procurement activity and then forwarded to the Corporate Procurement Team. The relevant Head of Service will receive feedback from the Corporate Procurement Team on the commissioning form within five working days of its submission, providing all necessary details have been provided in the form.
- 2.5.4 Once the commissioning form has been returned to the relevant Head of Service by the Corporate Procurement Team, the Head of Service may make adjustment to the proposal based on any comments and/or recommendations made by the Corporate Procurement Team and record these on the relevant section of the Commissioning Form. The Head of Service must then secure the authorisation to progress – i.e. preparing the tender documentation and inviting bids – in line with the authorisation process detailed in CPR 2.7.

## **2.6 Sustainability Assessment**

- 2.6.1 In addition to the commissioning form, for any procurement activity where the value of the contract is estimated to be greater than £25,000, the corporate sustainability assessment tool (or any equivalent corporate assessment that may be required) needs to be applied, and a record of this assessment appended to the commissioning form.

## **2.7 Authority to decide procurement strategy and invite competitive bids**

- 2.7.1 For procurement activity where the value of the contract is estimated to be less than £25,000, the authority to decide the appropriate procurement strategy and invite competitive bids is as follows:
- i. By the manager of the team where the procurement activity will be taking place, providing they have authority to approve spend to the estimated contract value. If they do not have authority to spend, then:
  - ii. By the head of service where the procurement activity is taking place

No formal report is required to record the agreed approach.

2.7.2 For procurement activity where the value of the contract is estimated to be greater than £25,000, the authority to decide the appropriate procurement strategy and invite competitive bids is as follows:

- i. **£25,001 to £1,000,000:** By agreement in writing from head of service where the procurement activity is taking place, the Section 151 Officer, and the Monitoring Officer – recorded on the Procurement Commissioning Form detailed in CPR 2.5. Any of these individuals can refer the decision to Cabinet where they consider there are relevant issues pertaining to the procurement activity such that it should be considered as a key decision under the Cabinet Members scheme of delegation;
- ii. **£1,000,001 to £2,000,000:** by the relevant Cabinet Member through the scheme of delegation detailed in the Council’s constitution, which will also require the agreement from the head of service where the procurement activity is taking place, the Section 151 Officer, and the Monitoring Officer – recorded on a delegated decision report with an accompanying completed Procurement Commissioning Form detailed in CPR 2.5. The Cabinet Member, or any of the other offices detailed above, can refer the decision to Cabinet where they consider there are relevant issues pertaining to the procurement activity such that it should be considered as a key decision under the Cabinet Members scheme of delegation;
- iii. **£2,000.001 and over:** by Cabinet – recorded on a Cabinet Report with an accompanying Procurement Commissioning Form detailed in CPR 2.5.

Once the decision has been made, it is the responsibility of the manager of the team where the procurement activity is taking place to ensure that all duly signed decision reports, and the Procurement Commissioning Form, are uploaded onto the electronic procurement system.

2.7.3 Where authority is given to invite competitive bids under CPR 2.7.2 iii the decision is subject to the five day Cabinet call-in period. The offer should not go to the market until either this call-in period has elapsed or, in the event that the decision is called-in, the result of any review is known.

## 2.8 Exempt contracts

2.8.1 Exemptions are where the CPRs are suspended entirely. The following contracts are exempt from the requirements of these CPRs:

- i. Internal purchases or service provision
- ii. Contracts relating solely to the disposal or acquisition of an interest in land (with the exception of development agreements – see [CPR 1.10](#))
- iii. Individual agency contracts for the provision of temporary staff;
- iv. Employment contracts;
- v. Grant aid by the council to voluntary sector bodies
- vi. Contracts for the engagement of expert witnesses.

## 2.9 Exceptions

- 2.9.1 Exceptions are where the CPRs are partly suspended to enable a particular course of action. This can include the requirement to seek market competition by obtaining a quotation or tendering. This does not remove the need to ensure that adequate and robust process is undertaken in accordance with these CPRs. The council's rules and guidance will still apply.
- 2.9.2 Where an exception is sought under CPR 2.9.3 there is a requirement to complete an exception form (see [CPR 2.11.4](#)).
- 2.9.3 An exception can be sought, including consent to seek only a single quotation or tender, where one or more of the following criteria are met:
- i. where an offer has been made to the market by the Council using the open, restricted, negotiated, competitive dialogue or innovation procedure, but where no quotations or tenders have been submitted, or where those that have been submitted are disqualified through the evaluation procedure (see section 5). In this circumstance an exception can only be granted where the original terms of the proposed contract are not substantially altered;
  - ii. the goods, services or works can only be provided by a particular contractor for reasons that are technical, artistic, or connected with the protection of exclusive rights. This should normally be evidenced through publishing a Prior Information Notice (PIN) on Sell2Wales, or through some other means agreed with the Corporate Procurement Team;
  - iii. extreme urgency brought about by events unforeseeable by the council and in accordance with the strict conditions stated in the Public Contract Regulations 2015 (see also CPRs [2.11.2](#) and [5.12.5](#));
  - iv. Where the products involved are manufactured purely for the purpose of research, experimentation, study or development:
  - v. For supplies quoted and purchased on a commodity market;
  - vi. Where a design competition is run where the rules of that competition require the contract to be awarded to one or more of the successful candidates, provided that all successful candidates are invited to negotiate;
  - vii. with an organisation which has won a contract for an earlier phase of work via a competitive process, where such work forms part of a serial programme previously identified as such in the original offer to market (which should also include the cumulative value of all potential phases) and providing that subsequent phases commence within three years of the original contract;
  - viii. with an organisation already engaged by the Council, where the additional requirement was not included in the original contract but has arisen through unforeseen circumstances, and the requirement cannot be carried out separately for technical or economic reasons;
  - ix. that goods are required as a partial replacement or addition to existing goods or installations and obtaining them from another contractor would result in incompatibility or disproportionate technical difficulties in operation or maintenance. Any contract based on this exception shall not exceed the duration of three years save in exceptional circumstances;

- x. for supplies purchased which are second hand and/or sold in a public market or auction;
- xi. for the engagement of actors or performers;
- xii. in relation to time limited grant funding from an external body, where the time limitations will not allow a competitive procurement process to be completed and where the grant conditions allow this;
- xiii. for the purchase of supplies on particularly advantageous terms from a supplier that is definitely winding up its business activities, or from the receivers or liquidators of a bankruptcy, an arrangement with creditors or similar procedure;
- xiv. where delay attributable to the quotation or tendering process would, in the estimation of the Head of Service concerned, result in the Council incurring net expenditure or forfeiting net income in excess of the savings on the contract sum that might reasonably be expected to accrue from competitive tendering;
- xv. where delay attributable to the quotation or tendering process would, in the estimation of the Head of Service concerned, create or increase danger to life or limb;
- xvi. where delay attributable to the quotation or tendering process would, in the estimation of the Head of Service concerned, result in or continue an unacceptable level or standard of service; or
- xvii. where relevant UK or EU legislation not otherwise referred to in these CPRs permits.

## **2.10 Additional exceptions for the Light-Touch Regime**

- 2.10.1 Where an exception is sought under CPR 2.10.2 there is a requirement to complete an exception form (see [CPR 2.11.4](#)).
- 2.10.2 For contracts that are covered by the Light-Touch Regime under the Public Contracts Regulations 2015 (see [CPR 4.6](#)) there are additional circumstances under which an exception can be sought. These can be considered where there is a clear continuation of specific services under an existing contract, and where a decision to award a new contract to an existing contractor without seeking quotations or tendering can be justified as reasonable in terms of the extent to which the new requirement meets one or more of the following criteria;
  - i. Evidence demonstrates that obtaining quotations or tendering for the required services is unlikely to secure significant improvements in value for money, or else is unlikely to secure sufficient improvement in value for money to justify the cost of obtaining quotations or tendering, or else any likely improvement in value for money will be outweighed by the potential cost of changing contractor;
  - ii. The specification for the new requirement does not differ substantially from that of the existing contract;
  - iii. The contract terms and conditions of the new requirement do not differ from those of the existing contract except where required by changes to the council's Financial Regulations and/or these Contract Procedure Rules or relevant standard contracting practices;
  - iv. The equivalent annual value of the contract for the new requirement does not differ from



that of the existing contract by more than 10%, unless required by law;

- v. The services required have previously been subject to competitive quotations or tendered no more than five years prior to the end of the original contract, having regard to the term of the contract to be offered and the volatility of prices and quality in the relevant sector;
- vi. No more than two previous contracts for the required services have been exempted from obtaining quotations or tendering;
- vii. The performance of the existing contractor in delivering the required services under the existing contract has been monitored and assessed as satisfactory or better;
- viii. The quality of the required services as required by the existing contractor under the existing contract has been assessed as satisfactory or better;
- ix. Improvements in value for money in respect of contract specification, contract price or service quality have already been secured or else will be secured under the terms of the new contract for the required services;
- x. The required services, where applicable, are necessarily delivered in specific accommodation and there is a significant risk that a change in contractor would result in the loss of that accommodation to the require service or service user(s), and that there is also a significant risk that alternative accommodation will not be secured within a reasonable and practical timescale;
- xi. There is a reasonable probability that obtaining quotations or tendering the required services would result in significant distress or other detriment to the welfare of the service user(s) or would reverse or undermine the attainment of successful outcomes for the service user(s); and
- xii. Any other valid and relevant considerations which may be identified by the manager of the team requiring the services, subject to the approval procedure detailed in CPR 2.12 below.

## **2.11 Authority to approve exceptions**

2.11.1 An exception based on one or more of the reasons listed in CPR [2.9](#) or [2.10](#) may be granted in the following manner:

- i. **Up to £25,000:** By the manager of the team where the procurement activity is taking place, providing they have authority to approve spend to the estimated contract value. If they do not have authority to spend then by the Head of Service where the procurement activity is taking place;
- ii. **£25,001 to £1,000,000:** By agreement in writing from head of service where the procurement activity is taking place, the Section 151 Officer, and the Monitoring Officer – recorded on the Procurement Exceptions Report detailed in CPR 2.11.4. Any of these individuals can refer the decision to Cabinet where they consider there are relevant issues pertaining to the procurement activity such that it should be considered as a key decision under the Cabinet Members scheme of delegation;
- iii. **£1,000,001 to £2,000,000:** by the relevant Cabinet Member through the scheme of delegation detailed in the Council’s constitution, which will also require the agreement

from the head of service where the procurement activity is taking place, the Section 151 Officer, and the Monitoring Officer – recorded on a delegated decision report with an accompanying completed Procurement Exceptions Report detailed in CPR 2.11.4. The Cabinet Member, or any of the other offices detailed above, can refer the decision to Cabinet where they consider there are relevant issues pertaining to the procurement activity such that it should be considered as a key decision under the Cabinet Members scheme of delegation;

- iv. **£2,000.001 and over:** by Cabinet – recorded on a Cabinet Report with an accompanying Procurement Exceptions Report detailed in CPR 2.11.4.

- 2.11.2 Such authority to approve shall not apply in cases of extreme urgency (CPR [2.9.3 \(iii\)](#) and [2.9.3 \(xv\)](#)). In this circumstance the relevant Head of Service can approve the exception.
- 2.11.3 Exceptions based on any reason not listed in CPR [2.9](#) or [2.10](#) can only be obtained from cabinet.
- 2.11.4 In **all** cases where an exception is being sought, a report must be attached on the contract file in the council's electronic procurement system setting out the reason for requiring the exception and the specific contract procedure rule (from this document) from which the exception is required. The report shall highlight any future commitments (whether or not of a financial character) which the proposed contract might entail.
- 2.11.5 In cases where an exception to proceed with a single tender procurement exercise has been authorised, the exercise is still required to be undertaken on the Council's electronic procurement system.

## SECTION 3

# PROCUREMENT DOCUMENT PREPARATION

### 3.1 Preparing documentation

3.1.1 It is a requirement to produce all required documentation associated with the procurement activity prior to making any offer to the market. This should include:

- i. The **specification**, which should contain precise details of the requirements, be easily understood by the bidders, have clearly defined, achievable and measurable inputs, outputs or outcomes;

And where appropriate for contracts under £25,000, and for all contracts over £25,000:

- ii. A draft of the **contract**, including any bespoke terms and conditions that may be required over and above the standard terms and conditions of the form of contract used;
- iii. The **criteria and evaluation methodology** (including any weightings) for selection and award of the contract;
- iv. Details of any requirements for **community benefits**;
- v. Where tendering under the Restricted (and Competitive or Negotiated) Procedures, a **Pre-Qualification Questionnaire (PQQ)** to enable a fair and transparent means of creating a shortlist of bidders; and
- vi. The **tender invitation** clearly stating the requirement to submit bids electronically, the time and date it needs to be submitted by, along with any other relevant instructions and a clear statement that no bids will be considered that have been delivered other than as instructed;

Standard forms and templates are available from the Corporate Procurement Team, and where appropriate embedded in the Council's electronic procurement system. Any deviation from the standard forms and templates must be agreed in writing with the Corporate Procurement Team.

### 3.2 Tender specifications – Standards

3.2.1 Relevant EU, British, and International standards which apply to the subject matter of the contract and which are necessary to properly describe the required quality must be included in the tender specification.

### 3.3 Tender specifications - Nominated products

3.3.1 All goods and services should be specified by reference to objective, non-product specific descriptions. Equivalent goods or services are nearly always capable of being specified. If this is not possible for genuine technical reasons, and a particular type of product or service or method of production or delivery has to be stated, then the words "or equivalent" should always be added.

### **3.4 Tender specifications - Nominated suppliers and sub-contractors**

3.4.1 Nomination of suppliers, contractors or sub-contractors amounts to the same as single-tender action and so must not be used (except where permitted by the [Public Contracts Regulations 2015](#) for contracts equal to or greater than the relevant OJEU threshold, or the CPRs below the relevant OJEU threshold).

3.4.2 It is permissible to provide potential main or principal contractors with lists of council-approved suppliers or sub-contractors provided that it is made clear to the main/principal contractors that they are completely free to sub-contract to whoever they wish (subject to meeting the council's reasonable requirements, such as technical standards, financial standing or insurance levels).

### **3.5 Contract terms and conditions (see also [CPR 5.12](#))**

3.5.1 Wherever possible, the council's standard terms and conditions, or industry standard national terms and conditions, shall be used with additional information added to specify:

- i. The work, materials, services or things to be furnished, had, done or disposed of (i.e. the specification);
- ii. The price to be paid (or, as appropriate, the sums to be received), with a statement of discounts or other deductions, and where not known, committed estimated price, or the basis upon which the final contract sum is to be calculated;
- iii. The time or times within which the contract is to be performed, together with a termination date of the contract; and
- iv. Any additional bespoke terms and conditions that relate specifically to the contract in question (Which will need to be agreed with Legal Services).

3.5.2 Note that at contract award stage the following information may also need to be included in the contract documentation;

- i. Any other relevant documents received as part of the successful bid which need to be appended as a schedule to the contract (e.g. pricing schedule, Freedom of Information declarations, etc.)
- ii. Where community benefits have been requested or offered by the contractor, these should be specifically included in the contract (see CPRs [2.4](#) and [6.3.3](#)).

### **3.6 Sub-contracting (see also CPRs [5.15](#) and [6.4](#))**

3.6.1 In the procurement documents the Council may ask the bidder to indicate in its quotation or tender any share of the contract that it intends to sub-contract to third parties and any proposed sub-contractors.

3.6.2 Where sub-contractors will be used, the contract should include a clause expressly requiring the main contractor to abide by the fair payment requirements and ensure sub-contractors receive payment within 30 days of presenting a valid invoice.

### 3.7 Evaluation criteria

- 3.7.1 At the procurement planning stage a decision **must** have been made about which evaluation method will be followed – lowest price or most economically advantageous tender (MEAT) (see [CPR 2.7](#) for authorisation procedures).
- 3.7.2 The lowest price method of evaluation may only be used on contracts of a value less than £25,000, unless an exception is made as detailed in CPR 3.7.3 below. Even at for contracts at this level, it is still recommended that the most economically advantageous tender method is applied where appropriate.
- 3.7.3 The most economically advantageous tender (MEAT) should be applied to all contracts of a value greater than £25,000. Exceptions to this can only be approved by the head of service where the procurement activity is taking place, having consulted with the Section 151 Officer and the Corporate Procurement Team. Where such an exception is made, a report must be attached on the contract file in the council’s electronic procurement system setting out the reason for requiring the exception.
- 3.7.4 For MEAT, the criteria used must be linked to the subject matter of the contract to determine that an offer is the most economically advantageous, for example: price, quality, technical merit, aesthetic and functional characteristics, environmental characteristics, running costs, cost effectiveness, after-sales service, technical assistance, delivery date, delivery period and period of completion. Whichever criteria are used, they must be objectively quantifiable and non-discriminatory, and they must be listed **in order of importance** in the tender documentation.
- 3.7.5 Where a procurement procedure has both selection and award stages, the criteria used at the selection stage should not be used again at the award stage. Selection criteria will typically be those that cover suppliers’ capability and experience, whilst award criteria will assess which tender is the most economically advantageous.
- 3.7.6 Where core community benefits are being requested (see CPR [2.4](#) and [6.3.3](#)), they must relate to the subject matter of the contract and must be included as part of the evaluation criteria and scored accordingly.
- 3.7.7 Issues that are of importance to the council in terms of meeting its corporate priorities and objectives can also be used to as criteria evaluate bids. The bidding organisations approaches to continuous improvement and setting targets for service improvement or future savings could also be included. If such criteria are used there is still a requirement that they must relate to the subject matter of the contract and must be objectively quantifiable and non-discriminatory.
- 3.7.8 The procurement documentation should clearly explain the basis of the decision to bidding organisations, making clear how the evaluation criteria specified in the process will be applied, the overall weightings to be attached to each of the high-level criteria, how the high-level criteria are divided into any sub-criteria and the weightings attached to each of those sub-criteria.

### 3.8 Variant bids

- 3.8.1 A variant bid is an option within the offer to market for suppliers to come forward with an alternative approach to delivering the required output of the procurement exercise, where they consider this will offer better value for money. Requesting variant bids is encouraged whenever practical as they have the potential to deliver significant cost savings, but these can only be submitted **in addition** to a standard bid that is compliant with the published specification. Whenever variant bids are submitted they **must** be evaluated using the same evaluation criteria as all other submissions (see CPR [3.7](#) and [5.2](#)).

# SECTION 4

## OFFER TO MARKET

### GUIDANCE NOTE 5

#### What is the difference between a quotation and a tender?

There are broadly two competitive approaches used by the council to achieve best value in procurement:

1. A **request for quotation** (RFQ) is a less formal approach than a tender, and used for lower value, lower risk procurement. The council will provide a basic technical specification for the goods, services or works it requires, and bidders will quote their price, and in some cases outline how they intend to undertake the supply of good, services or works.
2. An **invitation to tender** (ITT) is a more formal approach where the council provides up-front documents laying down the terms and conditions of the offer; the work required to be undertaken and the quality that is expected. The invitation to tender is issued to all suppliers on the same day. They are not allowed to canvass or collude with us, other than to seek clarity. All tenders must be returned before a specified time and date.

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#### 4.1 Buying

##### Up to £10,000 (Goods, Services & Works)

- 4.1.1 The minimum requirement is **one** verbal or written quotation, although where practical competition is required. Where only one quote is requested, the head of service still has a responsibility to ensure and be able to demonstrate that value for money has been obtained.
- 4.1.2 The council's electronic procurement system has a Quick Quotes facility which is ideally suited to obtaining price only quotations at this threshold level, and will bring greater transparency, fairness and could achieve better value for money. Therefore the use of the Quick Quotes facility is encouraged for this level of spend.
- 4.1.3 It is acceptable to use petty cash or corporate credit cards when buying goods, services or works at this threshold limit.
- 4.1.4 There is no requirement to openly advertise.
- 4.1.5 There is no prescribed timescale for receiving a request for quotation.
- 4.1.6 Following acceptance of the quotation (verbal, written or electronic) a purchase order **must** be sent via the Purchase-to-Pay (P2P) system.
- 4.1.7 Quotes, regardless of whether one or more has been invited, can be accepted – verbally, in writing (including email) or via the council's approved electronic procurement system – at the time of submission.

## 4.2 Low Value Procurement

### £10,001 to £25,000 (Goods, Services & Works)

- 4.2.1 At least **four** quotations to be requested using the council's electronic procurement system. The system will enable two suppliers of the requested goods, services or works to be selected manually, and then will automatically select at random a further two suppliers. If more than two suppliers are manually selected, the system will automatically select at random the same number again (i.e. if three suppliers are selected, the system will randomly select a further three, and so on).
- 4.2.2 In the circumstance where not all suppliers respond to the request for quotation with a submission, it is acceptable to evaluate and award the contract based on whatever submissions have been made, even where there is only one submission.
- 4.2.3 Where there are less than four suppliers (but more than one) of the requested goods, services or works on the council's electronic procurement system, it is acceptable to request quotations from the number (less than four) of the suppliers registered.
- 4.2.4 Where there is only one supplier of the requested goods, services or works on the council's electronic procurement system, it is a requirement to follow the exception authorisation procedures set out in [CPR 2.11](#).
- 4.2.5 Any request for quotation (RFQ) shall include as a minimum a technical specification, pricing schedule and terms and conditions.
- 4.2.6 As an alternative to selection of suppliers, the requirement may also be openly advertised on Sell2Wales and on the council's approved electronic system, but this is not a mandatory requirement at this level. Note that when the requirement is openly advertised in this way there is no restriction on the number of suppliers that may respond.
- 4.2.7 There is no prescribed timescale for receiving a request for quotation, but consideration should be made of the complexity of the requirement being requested and sufficient time allowed for suppliers to provide suitable bids.
- 4.2.8 The quotation must be received electronically using the council's approved system, and will automatically be endorsed with the time and date of receipt and "locked" by the system until the closing time and date prescribed in the request for quotation has elapsed.
- 4.2.9 All quotations received will be automatically "unlocked" and available for evaluation in the electronic system at the same time within one hour of the closing time and date prescribed in the request for quotation.
- 4.2.10 Following evaluation of the submissions and acceptance of the quotation on the electronic system, a purchase order **must** be sent via the Purchase-to-Pay (P2P) system.

## 4.3 Intermediate Value Procurement

### £25,001 to the OJEU threshold (Goods and Services)

- 4.3.1 Where a competitive procedure with negotiation, competitive dialogue or innovation partnership procedure has been approved under [CPR 2.7](#), then the offer to market should only be undertaken under the supervision and guidance of a named officer from the Corporate Procurement Team.
- 4.3.2 Prior to inviting tenders, it is a **mandatory** requirement to undertake the corporate Sustainability



Assessment, or any equivalent corporate assessment that may be required. It is the responsibility of the manager where the procurement activity is taking place to ensure that this is undertaken, and that the results of this exercise is uploaded to the council's electronic procurement system.

- 4.3.3 All requirements **must** be openly advertised on Sell2Wales and on the council's electronic procurement system.
- 4.3.4 Whilst it is not a mandatory requirement at this procurement threshold, the inclusion of community benefits as a contractual requirement is still encouraged (see CPR [2.4](#) and [6.3.3](#)).
- 4.3.5 At the time of inviting tenders the documents detailed in [CPR 3.1](#) should have been prepared and be accessible to view on the council's electronic procurement system.
- 4.3.6 There is no prescribed timescale for receiving an invitation to tender, but consideration should be made of the complexity of the requirement being requested and sufficient time allowed for suppliers to provide suitable bids.
- 4.3.7 The tenders must be received electronically using the council's approved system, and will automatically be endorsed with the time and date of receipt and "locked" by the system until the closing time and date prescribed in the invitation to tender has elapsed.
- 4.3.8 All tenders received will be automatically "unlocked" and available for evaluation in the electronic system at the same time within one hour of the closing time and date prescribed in the invitation to tender.
- 4.3.9 Following evaluation of the submissions and acceptance of the tender on the electronic system, a purchase order **must** be sent via the Purchase-to-Pay (P2P) system.

#### **4.4 Intermediate Value Procurement £25,001 to the OJEU threshold (Works)**

- 4.4.1 Where a negotiated, competitive dialogue or innovation partnership procedure has been approved under [CPR 2.7](#), then the offer to market should only be undertaken under the supervision and guidance of a named officer from the Corporate Procurement Team.
- 4.4.2 Prior to inviting tenders, it is a **mandatory** requirement to undertake the corporate Sustainability Assessment, or any equivalent corporate assessment that may be required. It is the responsibility of the manager where the procurement activity is taking place to ensure that this is undertaken, and that the results of this exercise is uploaded to the council's electronic procurement system.
- 4.4.3 In cases where the works are of a general nature and thus it is reasonably considered that the interest from the market may result in a high number of submissions, in the interests of efficiency it is permissible not to openly advertise contracts with an estimated value below £250,000 (for works **only**). In this circumstance at least **four** tenders must be requested using the council's electronic procurement system. The system will enable two suppliers of the requested works to be selected manually, and then will automatically select at random a further two suppliers. If more than two suppliers are manually selected, the system will automatically select at random the same number again (i.e. if three suppliers are selected, the system will randomly select a further three, and so on).
- 4.4.4 If the works being procured are grant funded and the conditions of grant require contracts to be

advertised then CPR 4.4.3 cannot be used.

- 4.4.5 In the circumstance where not all suppliers respond to the invitation to tender with a submission, it is acceptable to evaluate and award the contract based on whatever submissions have been made, even where there is only one submission.
- 4.4.6 In all other circumstances, and for **all** contracts with an estimated value of between £250,001 and to the OJEU threshold (see appendix C), all requirements **must** be openly advertised on Sell2Wales and on the council's electronic procurement system.
- 4.4.7 Where the contract value is greater than £1,000,000 the inclusion of community benefits as a contractual requirement is a **mandatory** requirement. Below this value, whilst it is not a mandatory requirement, the inclusion of community benefits as a contractual requirement is still encouraged (see CPRs [2.4](#) and [6.3.3](#)).
- 4.4.8 At the time of inviting tenders the documents detailed in [CPR 3.1](#) should have been prepared and be accessible to view on the council's electronic procurement system.
- 4.4.9 There is no prescribed timescale for receiving an invitation to tender, but consideration should be made of the complexity of the requirement being requested and sufficient time allowed for suppliers to provide suitable bids.
- 4.4.10 The tenders must be received electronically using the council's approved system, and will automatically be endorsed with the time and date of receipt and "locked" by the system until the closing time and date prescribed in the invitation to tender has elapsed.
- 4.4.11 All tenders received will be automatically "unlocked" and available for evaluation in the electronic system at the same time within one hour of the closing time and date prescribed in the invitation to tender.
- 4.4.12 Following evaluation of the submissions and acceptance of the tender on the electronic system, a purchase order **must** be sent via the Purchase-to-Pay (P2P) system.

#### **4.5 High Value Procurement ([OJEU threshold](#))**

##### **Above the relevant OJEU threshold (Goods, Services & Works)**

- 4.5.1 At this threshold level it is critical that the offer to market is conducted in full compliance with the requirements of the [Public Contracts Regulations 2015](#). For this reason, adequate time must be allowed for the proper planning of the procurement activity, and this planning and the subsequent offer to market must be undertaken under the supervision and guidance of a named officer from the Corporate Procurement Team.
- 4.5.2 Prior to inviting tenders, it is a **mandatory** requirement to undertake the corporate Sustainability Assessment, or any equivalent corporate assessment that may be required. It is the responsibility of the manager where the procurement activity is taking place to ensure that this is undertaken, and that the results of this exercise is uploaded to the council's electronic procurement system.
- 4.5.3 Above these EU contract thresholds all requirements **must** be openly advertised on Sell2Wales, the council's electronic procurement system **and in the official journal of the European Union (OJEU)**, with no exceptions (see [CPR 4.9](#) for details).
- 4.5.4 Where the contract value is greater than £1,000,000 the inclusion of community benefits as a contractual requirement is a **mandatory** requirement. Below this value, whilst it is not a

mandatory requirement, the inclusion of community benefits as a contractual requirement is still encouraged (see CPRs [2.4](#) and [6.3.3](#)).

- 4.5.5 At the time of inviting tenders the documents detailed in [CPR 3.1](#) should have been prepared and be accessible to view on the council's electronic procurement system.
- 4.5.6 The [Public Contracts Regulations 2015](#) prescribe minimum time limits for submissions following advert. These vary depending on the procurement procedure being followed and whether a Prior Information Notice (PIN) has been issued (see [CPR 4.9](#)), but are significant and **non-negotiable**. Officers conducting any procurement activity at this threshold **must** inform the Corporate Procurement Team at the earliest opportunity to ensure the prescribed time limits can be met.
- 4.5.7 The tenders must be received electronically using the council's approved system, and will automatically be endorsed with the time and date of receipt and "locked" by the system until the closing time and date prescribed in the invitation to tender has elapsed.
- 4.5.8 All tenders received will be automatically "unlocked" and available for evaluation in the electronic system at the same time within one hour of the closing time and date prescribed in the invitation to tender.
- 4.5.9 Following evaluation of the submissions and acceptance of the tender on the electronic system, a purchase order **must** be sent via the Purchase-to-Pay (P2P) system.

## 4.6 Light-Touch Regime

(see Regulations 74 – 77 of the [Public Contracts Regulations 2015](#))

- 4.6.1 The new light-touch regime (LTR) is a specific set of rules for certain contracts that tend to be of lower interest to cross-border competition. Those service contracts include certain social, health and education services, defined by Common Procurement Vocabulary (CPV) codes. The list of services to which the Light-Touch Regime applies is set out in Schedule 3 of the Public Contracts Regulations 2015 (Annex A): this can be found in [Appendix D](#) of these CPRs. The procurement process for the LTR is described briefly below, but any officer undertaking procurement activity under this regime should do so in association with the Corporate Procurement Team and should always refer directly to the relevant sections of the Public Contracts Regulations 2015 and any associated government guidance.
- 4.6.2 Below the threshold given in [Appendix C](#) CPRs [4.3.1 to 4.3.9](#) should be followed.
- 4.6.3 The OJEU threshold values for the Light Touch Regime are detailed in [Appendix C](#). At and above the threshold level the mandatory requirements, in addition to CPR 4.6.2, are:
- i. OJEU Advertising – the publication of a contract notice (CN) or prior information notice (PIN), except where the grounds for using the negotiated procedure without a call for competition could have been used;
  - ii. The publication of a contract award notice (CAN) following each individual procurement, or if preferred, group such notices on a quarterly basis;
  - iii. Compliance with Treaty principles of transparency and equal treatment;
  - iv. Conduct the procurement in conformance with the information provided in the OJEU advert (CN or PIN) regarding any conditions for participation, time limits for contacting/responding to the authority, and the award procedure to be applied; and

- v. Time limits imposed by authorities on suppliers, such as responding to adverts or tenders, must be reasonable and proportionate.

The council has the flexibility to use any process or procedure when procuring under the LTR, as long as it respects these obligations above. There is no requirement to use the standard EU procurement procedures (open, restricted and so on) that are available for other (non-LTR) contracts. The council can use those procedures if helpful, or alternatively tailor those procedures or design new procedures.

- 4.6.4 The Public Contracts Regulations 2015, [Regulation 77](#), permit certain contracts to be “reserved” for organisations meeting certain criteria e.g. public service mutual and social enterprises.
- 4.6.5 For contracts that are covered by the Light-Touch Regime there are additional circumstances under which an exception can be sought. These are detailed in [CPR 2.10](#).

#### **4.7 Electronic arrangements**

- 4.7.1 Above the £10,000 threshold detailed in [CPR 4.1](#) all requests for quotations and invitations to tender, along with all associated procurement documentation, must be issued via the council’s approved electronic procurement system.
- 4.7.2 Above the £10,000 threshold detailed in [CPR 4.1](#) all submissions from bidding organisations, including all supporting documentation, must be received via the council’s approved electronic procurement system.
- 4.7.3 In some exceptional circumstances, and only by agreement between the head of service where the procurement activity is taking place and the Corporate Procurement Team, hard copy quotations or tenders may be accepted. In this event the procedures detailed in CPR 4.8 below must be followed.

#### **4.8 Hard copy arrangements**

- 4.8.1 In the event that hard copy quotations or tenders are to be accepted (see CPR 4.7.3 above), these must be submitted, sealed, in the envelope provided with the procurement documents and addressed to a named officer within the service where the procurement activity is taking place. The submitted envelope should not have any mark that would reveal the bidding organisation’s identity and should clearly marked “Quotation for...” followed by a description of the goods, services or works being procured.
- 4.8.2 The named officer (see CPR 4.8.1 above) is responsible for recording the time and date of receipt, and for the safe custody of the submissions until the specified bid opening time.
- 4.8.3 All hard copy quotations or tenders for the same contract will be opened at the same time within 24 hours of the official return time/date having passed. This opening should be undertaken in the presence of at least two officers of the council, one of whom **must** be an officer who has had no previous involvement in pre-tender enquiries, the invitation to tender or preparation of associated documentation. It is the responsibility of the manager of the team where the procurement activity is taking place to ensure this is the case.
- 4.8.4 The designated officers present at the opening shall record the following details of each submission:

- i. The time and date for the receipt of the bids;
- ii. The name of each bidder and the amount of each bid; and
- iii. The date the bids were opened.

This record shall be signed by all officers present at the opening.

- 4.8.5 If a hard copy submission is opened in error prior to the specified bid opening time, no attempt shall be made to ascertain any contents of the bid or its origin, and the matter must be immediately reported to the head of service where the procurement activity is taking place. The envelope shall be re-sealed and signed by the officer who opened the envelope and the head of service. If the head of service has reason to suspect a breach of confidentiality or irregularity has occurred, they shall report the matter immediately to the Corporate Procurement Team and internal audit.

## 4.9 Advertising

- 4.9.1 Where the opportunity is going to be advertised on Sell2Wales, there are two options:

- i. The **Prior Information Notice (PIN)** alerts the market to future contracts, and should be placed on Sell2Wales and – for tenders over the OJEU thresholds – in the Office Journal of European Union (OJEU). The publication of a PIN is not mandatory but by publishing it is possible to take advantage of reduced time limits for submission of bids later in the process.
- ii. The **Contract Notice (CN)** which launches a specific procurement, and should be placed on Sell2Wales, the council's electronic procurement system and – for tenders over the OJEU thresholds – in the Office Journal of European Union (OJEU).

- 4.9.2 As per [CPR 1.3.1](#), **all** advertisement in Sell2Wales and, where relevant, in the Office Journal of the European Union (OJEU), **must** be published bilingually in Welsh and English. The advertisement must state that quotations or tenders may be submitted in Welsh, and that a quotation or tender submitted in Welsh will be treated no less favourably than a quotation or tender submitted in English.

- 4.9.3 Adverts can also be placed in relevant trade journals or other suitable publications.

# SECTION 5

## EVALUATION & CONTRACT AWARD

### 5.1 Late submissions

- 5.1.1 There is a one hour “grace” period built into the electronic procurement system after the prescribed closing time/date to allow for any problems that may arise with suppliers uploading their submissions. Submissions received within this one hour grace period can be accepted. The electronic procurement system will not accept any submissions after this “grace” period.

### 5.2 The evaluation process

- 5.2.1 Submitted quotations or tenders must be evaluated in accordance with the predetermined evaluation criteria ([see CPR 3.7](#)) and awarded on the basis of the submission that best meets these criteria. The criteria **must** be strictly observed and not altered or adjusted in any way.

### 5.3 Errors and omissions in submitted bids

- 5.3.1 As a general rule, no adjustment or qualification to any submitted bid is permitted. Errors or omissions found during the evaluation process shall be dealt with in one of the following ways:

- i. Where there is an error of clerical or arithmetical transcription or computation which would affect the quotation or tender figure in an otherwise successful submission, the bidding organisation will be given details of such errors via the council’s electronic procurement system and shall be allowed the opportunity of correcting those errors and confirming the correct details.
- ii. Where there are errors or omissions other than those detailed above which would affect the quotation or tender figure or other elements of the submission, the bidding organisation will be given details of such errors via the council’s electronic procurement system and shall be allowed the opportunity of correcting those errors or withdrawing its submission.

- 5.3.2 Any corrections must be submitted within a defined timescale of the notification to the bidder of the error or omission. Corrections received after this timescale will not be accepted and the submission considered withdrawn and not further evaluated. This must be clearly stated to the bidder at the time of notification of the error or omission.

### 5.4 Post-quotation/tender negotiations and clarification

- 5.4.1 Generally:

- i. no post-tender negotiations are permitted under an open or restricted procedure;
- ii. In some instances it may be acceptable to seek clarification from bidding organisations, but this should only happen in exceptional circumstances and following consultation with the Corporate Procurement Team; and

- iii. Negotiations on price are never permissible except where the negotiated procedure is used. The negotiated procedure should only be used in those exceptional cases where it is lawful to do so under the 2015 Regulations, and should **always** be undertaken under the supervision of a named officer from the Corporate Procurement Team.

5.4.2 Where procurements are at intermediate value or below (i.e. sub-OJEU level) the head of service where the procurement activity is taking place may authorise negotiations, having first consulted with the Corporate Procurement Team, if he/she considers that it is in the council's interest to do so. Such actions must not distort competition and that the core principles of transparency, non-discrimination and equal treatment apply, therefore negotiations should be kept to a minimum. It is the head of service's responsibility to ensure a written record of all negotiations are kept as part on the contract file on the council's electronic procurement system.

## 5.5 Awarding the contract

5.5.1 No contract can be awarded without an approved, associated budget which is sufficient to meet the financial obligations of the contract over its lifetime.

5.5.2 Where the contract award is within the cost and quality parameters established at the earlier procurement strategy approval stage (see [CPR 2.7](#)), the award can be made by:

- i. By the manager of the team where the procurement activity will be taking place, providing they have authority to approve spend to the contract value. If they do not have authority to spend, then:
- ii. By the head of service where the procurement activity is taking place, providing they have authority to approve spend to the contract value or that the procurement activity has prior authorisation under [CPR 2.7](#).

5.5.3 For contracts of less than £25,000, where the contract award will be of greater cost than that which was approved at the procurement strategy stage (see [CPR 2.7](#)), the award can be made by the head of service where the procurement activity is taking place, regardless of the percentage of increase but notwithstanding the responsibility to ensure and be able to demonstrate that value for money has been obtained.

5.5.4 For contracts of more than £25,000, where the contract award will be of greater cost than that which was approved under [CPR 2.7](#) (regardless of the percentage of increase), award approvals must be undertaken in the following manner:

- i. **£25,001 to £1,000,000:** By agreement in writing from head of service where the procurement activity is taking place, the Section 151 Officer, and the Monitoring Officer. Any of these individuals can refer the decision to Cabinet where they consider there are relevant issues pertaining to the contract award such that it should be considered as a key decision under the Cabinet Members scheme of delegation;
- ii. **£1,000,001 to £2,000,000:** by the relevant Cabinet Member through the scheme of delegation detailed in the Council's constitution, which will also require the agreement from the head of service where the procurement activity is taking place, the Section 151 Officer, and the Monitoring Officer. The Cabinet Member, or any of the other offices detailed above, can refer the decision to Cabinet where they consider there are relevant issues pertaining to the contract award such that it should be considered as a key decision under the Cabinet Members scheme of delegation;

iii. **£2,000.001 and over:** by Cabinet.

5.5.5 When awarding contracts on lowest price, award approvals must be made to the bidding organisation submitting the lowest price, unless the quote or tender is deemed to be an abnormally low bid which cannot be justified by the bidder to be sufficient to deliver the contract. In this circumstance it should be treated as an error and the procedure detailed in [CPR 5.3](#) followed.

5.5.6 For all contracts over the £10,000 threshold an award approval report must be completed (available on request from the Corporate Procurement Team) and uploaded to the electronic procurement system. It is the responsibility of the Head of Service where the procurement activity is taking place to ensure this happens.

## 5.6 Notifying candidates

5.6.1 When a contract is awarded in line with [CPR 5.5.4 ii](#) and iii that decision is subject to the five day Cabinet call-in period. Bidders should not be notified until either this call-in period has elapsed or, in the event that the decision is called-in, the result of any review is known.

5.6.2 Where the contract value is less than the high value, OJEU threshold, the manager of the team where the procurement activity is taking place shall ensure that within 15 days of the date on which the council receives a request from any supplier who was unsuccessful (at either quotation, pre-qualification or tender stage) he/she informs that supplier of the reasons for being unsuccessful and, if the supplier was unsuccessful at quotation/tender stage they must also be informed of the characteristics and relative advantages of the successful quotation/tender as well as the name of the bidder winning the contract.

5.6.3 Where the contract value is at high level (OJEU threshold), the manager of the team where the procurement activity is taking place must ensure that the council complies with the requirements of the [Public Contracts Regulations 2015](#) regarding giving standstill letters and reasons. Additionally, contract award notices need to be published in the OJEU not later than 30 days after contract award and the form of notice is prescribed in the relevant regulations.

5.6.4 Where the procurement activity is at high level (OJEU threshold), there must be a standstill period between communicating the award decision to all tenders and conclusion of the contract. This standstill period shall be 10 calendar days when sent electronically (or 15 days for notices sent by other methods). Where the last day of the standstill period is not a working day, the standstill period is extended to midnight at the end of the next working day.

## 5.7 Contract award notice

5.7.1 Where the contract has been advertised on Sell2Wales, the council must subsequently publish a bilingual contract award notice on Sell2Wales.

5.7.2 Where the value of the contract is equal to or greater than the relevant OJEU threshold (high-value procurement), the council must publish a bilingual contract award notice on Sell2Wales for inclusion in the OJEU as well.

5.7.3 In either case, the contract award notice should be actioned as soon as possible after the decision to award the contract has been taken, and in any event no later than 30 days after the date of award of contract. It is the responsibility of the manager of the team where the procurement activity is taking place to ensure this happens.



## **5.8 Letters of intent**

- 5.8.1 A letter of intent is not an appropriate substitute for a formal contract but in exceptional circumstances can be issued as an interim measure until a formal contract has been signed. Letters of intent can only be issued by an officer of the council with the prior approval in writing of the Monitoring Officer.
- 5.8.2 In the case of works contracts, a letter of intent in a form approved by the Monitoring Officer is acceptable in order to allow work to commence, although the issue of a formal contract must follow without delay.

## **5.9 Bonds, Securities, Liquidated and other damages**

- 5.9.1 The manager where the procurement activity is taking place is responsible for ensuring that a risk assessment is undertaken to determine whether some form of performance bond or performance guarantee is required.
- 5.9.2 All contracts should include a provision for liquidated damages to be paid by the contractor in case the terms of the contract are not duly performed, save where the Monitoring Officer approves another type of remedy.

## **5.10 Parent Company Guarantee**

- 5.10.1 The manager where the procurement activity is taking place is responsible for seeking a Parent Company Guarantee where:
- i. A contractor is a subsidiary of a parent company; and/or
  - ii. The award is based on evaluation of the parent company; and/or
  - iii. There is some concern over the stability of the contractor.

## **5.11 Non-concluded terms and conditions**

- 5.11.1 Before any award of contract it is the responsibility of the manager of the team where the procurement activity is taking place to ensure that the terms and conditions of the contract are fully agreed between the council and the successful bidder.
- 5.11.2 Where terms and conditions of contract are not fully agreed, no contractor shall be allowed to commence delivery of goods, services or works.
- 5.11.3 The council should under normal circumstances **never**:
- i. enter into a contract on the contractors own standard terms and conditions; or
  - ii. negotiate terms and conditions which are significantly different to those included or referred to at quotation or tender stage.

Any deviation from these principles can only be undertaken with the prior approval of the Monitoring Officer.

## 5.12 Contract documents (see also [CPR 3.5](#))

- 5.12.1 Where the procurement is up to a total value of £25,000 the use of a Purchase Order is an acceptable form of contract, which must make reference to the successful quotation and the council's terms and conditions of purchase. In some circumstances, particularly where there is a risk of contractual disputes, it may still be appropriate to have a signed contract in place.
- 5.12.2 Where the procurement is greater than £25,000, all contracts for goods, services and works must be concluded in writing using the appropriate standard contract, or other bespoke contract as approved by the Monitoring Officer, before the contract commences. In this circumstance there is still a requirement to also raise a purchase order.
- 5.12.3 Two copies of the contract will be sent to the successful tenderer to duly sign. After signing and returning both copies to the council, they will both be signed on behalf of the council. One copy will be scanned and placed on the contract file in the council's electronic procurement system, and the original retained by the relevant service area. The second copy will be returned to the successful tenderer for its retention. It is the responsibility of the manager where the procurement activity is taking place to ensure that the contracts are sent out, duly signed, returned and recorded on the electronic procurement system.
- 5.12.4 Contract documents, along with all associated related documents, must be retained for a minimum of six years from the contract end date and, if under seal, for a period of twelve years from the contract end date. Where the contract was funded, or partly funded, through some form of external grant further conditions with regard to retention of documents may apply and **must** be adhered to.
- 5.12.5 Emergency contracts awarded under CPRs [2.9.3 iii](#) and [2.9.3 xv](#) need not be in writing before commencement but must be confirmed in writing within four weeks. It is the responsibility of the manager where the procurement activity is taking place to ensure this is the case.

## 5.13 Contract signatures

- 5.13.1 Contracts not under seal can be signed on behalf of the Council by:
- i. By the manager of the team where the procurement activity will be taking place, providing they have authority to approve spend to the estimated contract value. If they do not have authority to spend, then:
  - ii. By the head of service where the procurement activity is taking place

However, regardless of who signs there should be consideration in terms of separation of duties and the person who signs the contract on behalf of the council should not be the same officer who led the offer to market.

## 5.14 Sealing of contracts

- 5.14.1 A contract must be sealed where:
- i. The council wishes to enforce the contract for more than six years after its end (e.g. for land or construction works); or

- ii. The price paid or received under the contract is a nominal price or there is no consideration and does not reflect the value of the goods or services; or
- iii. Where there is any doubt about the authority of the person signing for the other contracting party; or
- iv. Where it is required by law; or
- v. The total value of the goods, services or works exceeds £250,000.

5.14.2 Where contracts are completed by each side adding their common seal, the affixing must be attested by or on behalf of Legal Services. Legal Services are responsible for the process of sealing contracts on behalf of the Monitoring Officer.

## **5.15 Sub-contracting notification** **(see also CPR [3.6](#) and [6.4](#))**

5.15.1 Main contractors must notify the council of the name, contact details and legal representatives of its sub-contractors in so far as known at the time. This should take place after the award of the contract or, at the very latest, when the performance of the contract commences.

5.15.2 The Council may verify whether there are grounds for exclusion of sub-contractors, and must require the main contractor to replace a sub-contractor if there are mandatory grounds for exclusion and may require replacement where there are discretionary grounds (Regulation 57 of the Public Contract Regulations 2015 refer for contracts at the OJEU threshold).

5.15.3 Where sub-contractors will be used, the contract should include a clause expressly requiring the main contractor to abide by the fair payment requirements and ensure sub-contractors receive payment within 30 days of presenting a valid invoice.

## **5.16 Contracts Register**

5.16.1 From 1<sup>st</sup> April 2016, the following contracts shall be recorded on a central contracts register hosted on the council's approved electronic system:

- i. all new contracts over the value of £25,000 (intermediate value procurement and above);
- ii. all contracts above the £25,000 threshold that were entered into prior to 1<sup>st</sup> April 2016 but are still current;
- iii. all contracts **of any value** that need to be renewed; and
- iv. frameworks or other corporate purchasing arrangements currently being used by the council.

5.16.2 It is the responsibility of the head of service to ensure that their staff comply with CPR 5.16.1 above, and that the information provided in relation to the contracts register includes as a minimum:

- i. The nominated council Contract Manager

- ii. The contractor;
- iii. The value of the contract;
- iv. The start and expiry date of the contract;
- v. Details of whether the contract is a one-off or expected to be renewed

# SECTION 6

## CONTRACT MANAGEMENT

### 6.1 Managing contracts

- 6.1.1 All contracts **must** have a named contract manager for the entirety of the contract, and that this individual has sufficient capability and capacity (see [CPR 1.4](#) for guidance) to undertake this role effectively. It is the responsibility of the head of service where the procurement activity is taking place to ensure that this is the case.
- 6.1.2 All contract management activities should seek to ensure that the contract is delivered in compliance with the terms and conditions of the contract, and shall be undertaken via the council's electronic procurement system.

### 6.2 Risk assessment and contingency planning

- 6.2.1 It is the responsibility of the contract manager (see CPR 6.1.1) to ensure that a risk assessment is undertaken to determine whether a contract should be categorised as high, medium or low risk (different contract management arrangements will apply depending on the risk category of the contract). Related documentation and assistance with undertaking the risk assessment is available from the Corporate Procurement Team.
- 6.2.2 It is the responsibility of the contract manager to ensure that for all contracts categorised as medium or high risk:
- i. A risk register is maintained throughout the contract period;
  - ii. Risk assessments are undertaken regularly; and
  - iii. For identified risks, appropriate and adequate contingency measures are in place

### 6.3 Contract performance

- 6.3.1 It is the responsibility of the contract manager (see CPR 6.1.1) to ensure that regular performance reviews are undertaken for categorised as medium or high risk. Such reviews should be undertaken at regular intervals depending on the complexity and length of the contract – at the discretion of the Contract Manager, but **must** be undertaken at the end of each contract. The review should cover good and bad performance, complaints, issues and defects arising under the contract, and a record of all reviews must be kept on the contract file on the council's electronic procurement system.
- 6.3.2 For all contracts it is the responsibility of the contract manager to raise any incidents of poor performance immediately with the contractor and seek rectification. In instances of particularly poor performance, or persistent poor performance, the Contract Manager can consider whether to recommend:
- i. early termination of the contract (see [CPR 6.6](#)); or
  - ii. where the contract has been awarded under a Framework Agreement, suspension of the contractor from that framework.

6.3.3 Where community benefits have been included as contractual requirements (see [CPR 2.4](#)) they should be regularly monitored and actively managed as part of the overall contract management process. It is the responsibility of the contract manager to ensure that the Welsh Government's Community Benefit Toolkit (or any successor tool provided by or on behalf of the Welsh Government) is duly completed and submitted as required.

6.3.4 At the end of each contract the contract manager will issue the contractor with a feedback form (available from the Corporate Procurement Team) in order for them to express their views and opinions on the management and delivery of the contract, and a record of this feedback must be kept on the contract file on the council's electronic procurement system.

#### **6.4 Change in sub-contractors (see also CPRs [3.6](#) and [5.15](#))**

6.4.1 Where sub-contractors are involved in the delivery of the contract in the course of the normal contract management arrangements the contract manager is required to check whether there has been any change in sub-contractors, and record any changes in the electronic procurement system.

#### **6.5 Assignments and novation**

6.5.1 Any contracts subject to potential assignment and novation must be referred to the Monitoring Officer at the earliest possible instance.

#### **6.6 Termination of contract**

6.6.1 Contracts may be terminated in line with the terms and conditions of the contract. Authorisation levels for contract termination are set out in [CPR 6.8](#). In all cases a report must be provided and attached to the contract file on the council's electronic procurement system detailing the reasons for the termination.

6.6.2 Where a contract has been terminated early, it is the responsibility of the contract manager to ensure that the corporate contracts register (see [CPR 5.16](#)) is updated accordingly.

#### **6.7 Contract variations and extensions**

6.7.1 Contract and framework agreements may be varied without a new procurement procedure where:

- i. The variations have been provided for in the relevant contract documents in clear unequivocal terms (i.e. price variation, fluctuation clauses or options) and these do not alter the overall nature of the contract; and/or
- ii. Additional goods, services or works which were not included in the original quotation or tender have become necessary, where a change of contractor cannot be made for economic or technical reasons or where it would cause serious inconvenience or duplication and the price does not exceed 20% of the original contract value and that it does not extend the contract period by more than 50%; and/or

- iii. The circumstances causing the need for variation were unforeseen, the variation does not alter the overall nature of the contract and the price does not exceed 20% of the original contract value and that it does not extend the contract period by more than 50%; and/or
- iv. There is a change in contractor that was provided for in the quotation or tender, or as a result of a merger, acquisition, insolvency or similar of the original contractor, that fulfils the original criteria for qualitative selection, provided this does not lead to other substantial variations; and/or
- v. The variations, irrespective of their value, are not substantial (as defined in CPR 6.7.2 below).

6.7.2 In the circumstances detailed in CPR 6.7.1 above, the contract variation shall be authorised by the Contract Manager, provided that the variation cost can be met within budget. Such variation shall be entered on the electronic procurement system and the Contracts Register, and an amendment made to the original Purchase Order. Note that substantial contract variations, as detailed in CPR 6.7.3 below, shall be subject to the authorisation requirements detailed in CPR 6.8.1.

6.7.3 A variation shall be deemed substantial if:

- i. The cost of the variation would exceed 20% of the original contract value or would extend the contract period by more than 50%; and/or
- ii. It makes the contract or framework materially different in character; and/or
- iii. The variation introduces new conditions which, had they been part of the initial procurement, would have allowed for the admission of other candidates than those initially accepted; allowed for the acceptance of a tender other than that originally accepted; and/or attracted additional participants in the procurement procedure; and/or
- iv. It changes the economic balance in favour of the contractor; and/or
- v. It extends the scope of the contract or framework considerably.
- vi. The revised total contract value requires a different level of authorisation, as specified in CPR 6.8.1, than that used for the original contract award.

6.7.4 Any decision to extend the contract period (term) may only be made before the original expiry date, where it is in accordance with the terms and conditions of the original contract.

6.7.5 In all cases of contract variation, careful consideration must be made of the impact of the increased value of the contract on the procurement threshold levels, particularly whether the increase in value will move a contract from intermediate, sub-OJEU value into high value, OJEU level. In this circumstance the variation or extension should not normally be granted.

## 6.8 Authority to decide contract terminations and substantial variations

6.8.1 Every contract termination or substantial variation (as detailed in CPR 6.7.3 must be authorised in writing and issued before the termination or variation is actioned. Authorisation levels are as follows:

- i. **Up to £25,000:** By the manager of the team where the procurement activity is taking place, providing they have authority to approve spend to the estimated contract value. If they do not have authority to spend then by the Head of Service where the procurement activity is taking place;
- ii. **£25,001 to £1,000,000:** By agreement in writing from head of service where the procurement activity is taking place, the Section 151 Officer, and the Monitoring Officer. Any of these individuals can refer the decision to Cabinet where they consider there are relevant issues pertaining to the contract modification such that it should be considered as a key decision under the Cabinet Members scheme of delegation;
- iii. **£1,000,001 to £2,000,000:** by the relevant Cabinet Member through the scheme of delegation detailed in the Council's constitution, which will also require the agreement from the head of service where the procurement activity is taking place, the Section 151 Officer, and the Monitoring Officer. The Cabinet Member, or any of the other offices detailed above, can refer the decision to Cabinet where they consider there are relevant issues pertaining to the contract modification such that it should be considered as a key decision under the Cabinet Members scheme of delegation;
- iv. **£2,000.001 and over:** by Cabinet.

Contract values should be based on the cumulative total (i.e. including any previous variations or extensions) and in all cases, a report must be provided and attached to the contract file on the council's electronic procurement system detailing the reasons for the variation or extension.

## 6.9 Contract end

6.9.1 At an appropriate point, but generally at least three months prior to the contract end date, the contract manager should review whether or not the contract needs to be renewed, either in its current or an amended form. This should involve consideration of the contract management information collected throughout the life of the contract, which should help inform whether, or how, the requirement may be delivered in future.

6.9.2 If there is no further requirement for the contract, the existing contract may be allowed to lapse. However, some contracts may require more active decommissioning, for example where it involves disposal or reallocation of resources or where consultation is required. It is the responsibility of the contract manager to ensure that contracts are appropriately decommissioned and that sufficient time is allowed to do this.

6.9.3 If there is an ongoing requirement beyond the end of the existing contract, the contract manager is required to:

- i. consider whether there is an alternative approach to delivering the outcome without the need for the council to spend at all, or at least to reduce the spend;
- ii. have due consideration of our duties under the Well-Being of Future Generations (Wales) Act 2015 to take into account the impact of any decisions we make;



- iii. have due regard to the impact a renewed contract or approach may have on local economic prosperity; and
  - iv. Determine whether some form of corporate purchasing arrangement has been established since awarding the original contract.
- 6.9.4 If the contract is to be renewed, in its existing or amended form, then the contract manager (or other officer as directed by management) shall commence the planning process as set out in [Section 2](#) of these CPR's.
- 6.9.5 The contract manager must also ensure that a contract review questionnaire is completed, recording the overall performance of the supplier over the duration of the contract. Once completed, this should be uploaded to the contract file on electronic procurement system.
- 6.9.6 The contract manager shall also send a questionnaire to the supplier for them to complete (available on request from the Corporate Procurement Team), which will record the supplier's perspective on the council's management of the contract. Again, once completed, this should be uploaded to the contract file on electronic procurement system.

# APPENDIX A

## Glossary of Terms

Term	Definition
Code of conduct	The Code regulating the conduct of officers and members as set out in the Constitution
Community Benefits	Clauses which can be used to build a range of economic, social, or environmental conditions into the delivery of public contracts. Mandatory on all contracts with a value greater than £1m and optional, but encouraged, on contracts below £1m
Contract	An agreement for the supply of goods, or services, or concessions or the execution of works
Contract award notice	Formal notice placed on Sell2Wales and, if appropriate, OJEU giving particulars on the date the contract was awarded, the award criteria, the number of offers received, the name and address of the successful tenderer(s), and the price or price ranges paid. Contract award notices must be sent not later than 48 days after the contract in question has been awarded
Contract file	A record of all matters relating to the contract
Contract notice	Formal advert placed on Sell2Wales and, if appropriate, OJEU notifying potential suppliers about a contract opportunity
Contracting Authority	A defined term in the Public Contracts Regulations 2015, meaning a public body that is subject to the procurement Regulations
Contractor	A supplier of goods or services or concessions or Works to the Council
Contracts register	From 1st April 2016, all contracts over the value of £25,000 shall be recorded on a central contracts register hosted on the council's approved electronic system
Corporate purchasing agreement	A contract or framework agreement which has been endorsed and approved for corporate use by the Strategic Procurement Manager and its use shall be mandatory
CPRs	These Contract Procedure Rules
Day	A calendar day unless otherwise specified
Electronic procurement	The procurement of all goods, services and works conducted using the council's approved electronic system
EU	European Union

Framework agreement	An agreement which allows an officer to call off or undertake a mini competition to provide goods, services or works in accordance with the terms of the agreement. The Framework Agreement usually constitutes a non-binding offer with no obligations to call off from the contractor. If the Council calls off from the contractor a binding contract comes into being.
Goods	Items that are tangible in nature i.e. they are of physical property
Head of Service	Head of Service of the relevant Council Service Area
High value procurement	Procurement of goods, services and works where the value is at or above the OJEU thresholds as detailed in Appendix C of these CPRs
Intermediate value procurement	Procurement of goods, services and works where the value is between £25,001 and the OJEU thresholds as detailed in Appendix C of these CPRs
Invitation to tender	Invitation to tender documents in the form required by these CPRs
Light-Touch Regime	A specific set of rules for certain contracts that tend to be of lower interest to cross-border competition. These rules can only be used in conjunction with services listed in Schedule 3 of the Public Contract Regulations, 2015
Low value procurement	Procurement of goods, services and works where the value is between £10,001 and £25,000
Monitoring Officer	The officer designated by the Council as its Statutory Monitoring Officer as required under Section 5 of the Local Government and Housing Act 1989
Most economically advantageous tender (MEAT)	A tender evaluated on the basis of qualitative, technical and sustainable aspects of the tender submission as well as price when reaching an award decision
OJEU	The Official Journal of the European Union
OJEU threshold	The values that are determined by the European Union every two years, which are shown in Appendix C of these CPRs
Prior Information Notice (PIN)	A notice place on Sell2Wales and/or OJEU alerting the market of upcoming requirements and allowing suppliers to respond, expressing an interest in bidding for the contract. This supplier feedback can be used to inform the development of the specification as well as the selection process prior to the invitation to tender stage
Procurement	The process by which the council manages the acquisition of all its goods, services and works of all sorts

Purchase order	An electronic order raised and authorised via the Council Proactis P2P system
Quotation	A quotation of price and any other relevant matter made without the formal issue of an invitation to tender
Section 151 Officer	The officer designated by the Council as its Statutory Section 151 Officer as required under Section 151 of the Local Government Act 1972
Services	Intangible commodities i.e. they are non-physical in nature
Statutory Procurement Obligations	The EU Regulations and UK legislation governing the procurement of contracts by Contracting Authorities
Sub-procurement (buying)	Purchasing of goods, services and works up to a value of £10,000
Tender	A Contractor's formal proposal submitted in response to an invitation to tender
Value for money	The optimum combination of whole life costs, quality and benefits to meet the Council's requirement. Such term equates to the EU procurement requirement of "most economically advantageous offer"
Working day	Any day other than a Saturday or a Sunday or a day which is a bank or a public holiday throughout Wales
Works	Activities listed in Schedule 2 of the Public Contract Regulations, 2015

# APPENDIX B

## Roles and Responsibilities of Officers

Officer	Duty	C.P.R.
<b>Built Environment Team / Manager</b>	Property and works related procurement	<a href="#">1.8.1 (ii)</a>
<b>Cabinet / Cabinet Portfolio Holder</b>	Authority to decide procurement strategy and invite competitive bids	<a href="#">2.7.2</a>
	Authority to approve exceptions from part or all of the CPRs	<a href="#">2.11.1</a>
		<a href="#">2.11.3</a>
	Contract award approvals	<a href="#">5.5.4</a>
	Authority to decide contract terminations, modifications and extensions	<a href="#">6.8.1</a>
<b>Contract Managers</b>	Monitoring the delivery of community benefits	<a href="#">2.4.5</a>
	All contracts must have a named Contract Manager	<a href="#">6.1.1</a>
	Ensure that all risks are recorded, monitored and have appropriate measures in place	<a href="#">6.2</a>
	Ensure that regular performance reviews are undertaken	<a href="#">6.3.1</a>
	Raise any incidents of poor performance immediately with the contractor and seek rectification	<a href="#">6.3.2</a>
	Ensure that the Welsh Government's Community Benefit Toolkit is duly completed and submitted as required	<a href="#">6.3.3</a>
	Issue the contractor with a feedback form at the end of each contract	<a href="#">6.3.4</a>
	Check for and record any changes to sub-contractors involved with the delivery of a contract	<a href="#">6.4.1</a>
	Ensure that the corporate contracts register (see CPR 4.1) is updated where a contract has been terminated early	<a href="#">6.6.2</a>
	Actions required around contract end	<a href="#">6.9</a>
<b>Corporate Procurement Team</b>	Guidance and clarification of over-riding principles	<a href="#">1.1.7</a>
	Receive notifications of officers' requirements to use the ePortal and register officers on the system	<a href="#">1.11.2</a>
	Amendments to the Appendices of the CPRs	<a href="#">1.12.2</a>
	Framework agreements and other corporate purchasing arrangements	<a href="#">2.1.1</a>
		<a href="#">2.1.2</a>
		<a href="#">2.1.3</a>
		<a href="#">2.1.5</a>
	Estimating the contract value	<a href="#">2.2.2</a>
	Advice on community benefits	<a href="#">2.4.3</a>
	Commissioning forms	<a href="#">2.5.2</a>
		<a href="#">2.5.3</a>
		<a href="#">2.5.4</a>
	Deciding the appropriate procurement procedure	<a href="#">GN4</a>
Advice on exceptions	<a href="#">2.9.3 (ii)</a>	

	Use of standard forms and templates	<a href="#">3.1.1</a>
	Exceptions to "Most economically advantageous" selection criteria	<a href="#">3.7.3</a>
	Guidance on the use of negotiated, competitive dialogue or innovation partnership procedures in intermediate value procurement	<a href="#">4.3.1</a>
		<a href="#">4.4.1</a>
	Provision of a named officer to provide supervision and guidance on high value (i.e. above OJEU threshold) procurement	<a href="#">4.5.1</a>
	Ensuring prescribed advertising time limits are met	<a href="#">4.5.6</a>
	Guidance on Light-touch Regime procurement	<a href="#">4.6.1</a>
	Agreement to the acceptance of hard copy submissions	<a href="#">4.7.3</a>
	Breaches of confidentiality or irregularities around hard copy submissions	<a href="#">4.8.5</a>
	Post-quotation/tender negotiations and clarification	<a href="#">5.4.1</a>
		<a href="#">5.4.2</a>
	Provision of award approval report template	<a href="#">5.5.4</a>
		<a href="#">5.5.6</a>
	Assistance with undertaking risk assessments and provision of related documentation	<a href="#">6.2.1</a>
	Provision of contractor feedback form	<a href="#">6.3.4</a>
	Provision of contract end questionnaire	<a href="#">6.9.6</a>
<b>Head of Business Improvement &amp; Modernisation</b>	Exceptions to ICT procurement being undertaken by the Business Transformation & ICT Team	<a href="#">1.7.1</a>
<b>Head of Service</b>	Procurement carried out by consultants, agency staff, or other non-DCC staff	<a href="#">1.5.1</a>
		<a href="#">1.5.3</a>
	Exceptions to ICT procurement	<a href="#">1.7.1</a>
	Property and works related procurement	<a href="#">1.8.1 (i) (ii)</a>
	Electronic procurement	<a href="#">1.11.1</a>
	Alternatives to using frameworks and corporate purchasing agreements	<a href="#">2.1.5</a>
	Commissioning forms	<a href="#">2.5.3</a>
		<a href="#">2.5.4</a>
	Authority to decide procurement strategy and invite competitive bids	<a href="#">2.7.1 (ii)</a>
		<a href="#">2.7.2</a>
	Authority to seek an exception from part or all of the CPRs	<a href="#">2.9.3 (xiv-xvi)</a>
	Authority to approve exceptions from part or all of the CPRs	<a href="#">2.11.1</a>
		<a href="#">2.11.2</a>
	Exceptions to "Most economically advantageous" selection criteria	<a href="#">3.7.3</a>
	Demonstration of value for money on buying below £10,000 threshold	<a href="#">4.1.1</a>
	Exceptions to electronic tendering to allow hard copy submissions	<a href="#">4.7.3</a>
	Opening of hard copy submissions	<a href="#">4.8.5</a>

	Post quotation/tender negotiations	<a href="#">5.4.2</a>
	Awarding contracts	<a href="#">5.5.2 (ii)</a>
		<a href="#">5.5.3</a>
		<a href="#">5.5.4 (i) (ii)</a>
		<a href="#">5.5.6</a>
	Signing of contracts not under seal	<a href="#">5.13.1 (ii)</a>
	Recording of contracts on the Contracts Register	<a href="#">5.16.2</a>
	Establishing a named contract manager	<a href="#">6.1.1</a>
	Authority to decide contract terminations, variations and extensions	<a href="#">6.8.1</a>
<b>Highways Team / Manager</b>	Property and works related procurement	<a href="#">1.8.1 (iii)</a>
<b>Legal Services</b>	Bespoke contract terms and conditions	<a href="#">3.5.1 (iv)</a>
	Affixation of Council seal to contracts where appropriate	<a href="#">5.14.2</a>
<b>Monitoring Officer</b>	Declaration and recording of conflicts of interests by Members and employees	<a href="#">1.6.3</a>
	Land contracts and appointment of developers	<a href="#">1.10.2</a>
	Amendments to the Appendices of the CPRs	<a href="#">1.12.2</a>
	Authority to decide procurement strategy and invite competitive bids	<a href="#">2.7.2 (ii)</a>
	Authority to approve exceptions from part or all of the CPRs	<a href="#">2.11.1 (iii)</a>
	Awarding contracts greater than £25,000 where the value of the award is greater than at approval stage	<a href="#">5.5.4 (ii)</a>
	Letters of intent	<a href="#">5.8.1</a>
		<a href="#">5.8.2</a>
	Approval of alternative remedies to liquidated damages when contract terms are not duly performed by the contractor	<a href="#">5.9.2</a>
	Non-concluded terms and conditions	<a href="#">5.11.3</a>
	Approval of bespoke contract documents	<a href="#">5.12.2</a>
	Sealing of contracts	<a href="#">5.14.2</a>
	Assignments and novation of contracts	<a href="#">6.5.1</a>
	Authority to decide contract terminations, variations and extensions	<a href="#">6.8.1 (iii)</a>
<b>Property Team / Manager</b>	Property and works related procurement	<a href="#">1.8.1 (i)</a>
<b>Section Officer 151</b>	Authority to decide procurement strategy and invite competitive bids	<a href="#">2.7.2 (ii)</a>
	Authority to approve exceptions from part or all of the CPRs	<a href="#">2.11.1 (iii)</a>
	Exceptions to "Most economically advantageous" selection criteria	<a href="#">3.7.3</a>
	Contract award approvals	<a href="#">5.5.4 (ii)</a>
	Authority to decide contract terminations, variations and extensions	<a href="#">6.8.1 (iii)</a>
<b>Team Managers</b>	Provide direction to all team members engaged in procurement activity	<a href="#">1.4</a>

Approval and notification to Corporate Procurement Team of Officers requirements to have access to the eProcurement system	<a href="#">1.11.2</a>
Requirement to check whether a relevant framework or corporate purchasing agreement is in place	<a href="#">2.1.2</a>
Pre-quotation/tender market testing and consultation	<a href="#">2.3.3</a>
Approval of appropriate procurement strategy and invitation of competitive bids	<a href="#">2.7.1 (i)</a>
Ensure that the completed and signed documents are uploaded to the electronic system	<a href="#">2.7.2</a>
Consideration of exceptions from CPRs in connection with the Light-touch Regime	<a href="#">2.10.1 (xii)</a>
Ensure Corporate Sustainability Assessment, or its equivalent, has been carried out for Intermediate and High Value (i.e. above OJEU threshold) procurement	<a href="#">4.3.2</a>
	<a href="#">4.4.2</a>
	<a href="#">4.5.2</a>
Ensure appropriate Officers are present for the opening of hard copy quotations/tenders	<a href="#">4.8.3</a>
Awarding contracts	<a href="#">5.5.2 (i)</a>
	<a href="#">5.5.4</a>
Notifying candidates	<a href="#">5.6.2</a>
	<a href="#">5.6.3</a>
Ensure contract award notice is actioned	<a href="#">5.7.3</a>
Ensure that a risk assessment is undertaken to determine whether some form of performance bond or performance guarantee is required	<a href="#">5.9.1</a>
Parent company guarantee	<a href="#">5.10.1</a>
Ensure contract terms and conditions are agreed between the Council and the successful bidder before any contract is awarded	<a href="#">5.11.1</a>
Ensure that contracts are sent out, duly signed, returned and recorded on the electronic procurement system	<a href="#">5.12.3</a>
Ensure confirmation of emergency contracts is given in writing within four weeks of the commencement of the contract	<a href="#">5.12.5</a>
Signing of contracts not under seal	<a href="#">5.13.1 (i)</a>



# APPENDIX C

## OJEU and LTR thresholds

Details of the Sterling thresholds applicable from 1st January 2016 are given below.

Thresholds are net of VAT.

Sterling values are re-calculated every two years.

	<b>GOODS</b>	<b>SERVICES</b>	<b>WORKS</b>	<b>NOTE</b>
General Contracts	164,176	164,176	4,104,394	1
Contracts subject to the Light Touch Regime	N/A	589,148	N/A	2

### Notes

- 1 Thresholds relevant to "Other public sector" (i.e. non-Central Government) contracting authorities
- 2 For services listed in Schedule 3 of the Public Contract Regulations 2015 ([See Appendix D](#))

# APPENDIX D

## List of services covered by the Light Touch Regime

**Schedule 3 of the Public Contract Regulations 2015**  
**Regulations 5(1) (d) and 74**  
**Social and other specific services**

CPV Code	Description
75200000-8; 75231200-6; 75231240-8; 79611000-0; 79622000-0 (Supply services of domestic help personnel); 79624000-4 (Supply services of nursing personnel) and 79625000-1 (Supply services of medical personnel) from 85000000-9 to 85323000-9; 98133100-5, 98133000-4; 98200000-5; 98500000-8 (Private households with employed persons) and 98513000-2 to 98514000-9 (Manpower services for households, Agency staff services for households, Clerical staff services for households, Temporary staff for households, Home-help services and Domestic services)	Health, social and related services
85321000-5 and 85322000-2, 75000000-6 (Administration, defence and social security services), 75121000-0, 75122000-7, 751240001; from 79995000-5 to 79995200-7; from 80000000-4 Education and training services to 80660000-8; from 92000000-1 to 92700000-8; 79950000-8 (Exhibition, fair and congress organisation services), 79951000-5 (Seminar organisation services), 79952000-2 (Event services), 79952100-3 (Cultural event organisation services), 79953000-9 (Festival organisation services), 79954000-6 (Party organisation services), 79955000-3 (Fashion shows organisation services), 79956000-0 (Fair and exhibition organisation services)	Administrative social, educational, healthcare and cultural services
75300000-9	Compulsory social security services
75310000-2, 75311000-9, 75312000-6, 75313000-3, 75313100-4, 75314000-0, 75320000-5, 75330000-8, 75340000-1	Benefit services
98000000-3; 98120000-0; 98132000-7; 98133110-8 and 98130000-3	Other community, social and personal services including services furnished by trade unions, political organisations, youth associations and other membership organisation services
98131000-0	Religious services
55100000-1 to 55410000-7; 55521000-8 to 55521200-0 (55521000-8 Catering services for private households, 55521100-9 Meals-on wheels services, 55521200-0 Meal delivery service) 55520000-1 Catering services, 55522000-5	Hotel and restaurant services

Catering services for transport enterprises, 55523000-2 Catering services for other enterprises or other institutions, 55524000-9 School catering services 55510000-8 Canteen services, 55511000-5 Canteen and other restricted-clientele cafeteria services, 55512000-2 Canteen management services, 55523100-3 School-meal services	
79100000-5 to 79140000-7; 75231100-5	Legal services, to the extent not excluded by regulation 10(1)(d)
75100000-7 to 75120000-3; 75123000-4; 75125000-8 to 75131000-3	Other administrative services and government services
75200000-8 to 75231000-4	Provision of services to the community
75231210-9 to 75231230-5; 75240000-0 to 75252000-7; 79430000-7; 98113100-9	Prison related services, public security and rescue services to the extent not excluded by regulation 10(1)(h)
79700000-1 to 79721000-4 (Investigation and security services, Security services, Alarm-monitoring services, Guard services, Surveillance services, Tracing system services, Absconder-tracing services, Patrol services, Identification badge release services, Investigation services and Detective agency services) 79722000-1(Graphology services), 79723000-8 (Waste analysis services)	Investigation and security services
98900000-2 (Services provided by extraterritorial organisations and bodies) and 98910000-5 (Services specific to international organisations and bodies)	International services
64000000-6 (Postal and telecommunications services), 64100000-7 (Post and courier services), 64110000-0 (Postal services), 64111000-7 (Postal services related to newspapers and periodicals), 64112000-4 (Postal services related to letters), 64113000-1 (Postal services related to parcels), 64114000-8 (Post office counter services), 64115000-5 (Mailbox rental), 64116000-2 (Post-restante services), 64122000-7 (Internal office mail and messenger services)	Postal services
50116510-9 (Tyre-remoulding services), 71550000-8 (Blacksmith services)	Miscellaneous services

## Regulation 77

### Reserved contracts for certain services

77.—(1) Contracting authorities may reserve to qualifying organisations the right to participate in procedures for the award of reservable public contracts.

(2) For that purpose, a contract is a reservable public contract only if it is exclusively for one or more of the services which are covered by CPV codes 75121000-0, 75122000-7, 75123000-4, 79622000-0, 79624000-4, 79625000-1, 80110000-8, 80300000-7, 80420000-4, 80430000-7, 80511000-9, 80520000-5, 80590000-6, from 85000000-9 to 85323000-9, 92500000-6, 92600000-7, 98133000-4, and 98133110-8.

(3) In this regulation, “qualifying organisation” means an organisation which fulfils **all** of the following conditions:—

(a) its objective is the pursuit of a public service mission linked to the delivery of services referred to in paragraph (2);

(b) profits are reinvested with a view to achieving the organisation’s objective, and any distribution of profits is based on participatory considerations;

(c) the structures of management or ownership of the organisation are (or will be, if and when it performs the contract) —

(i) based on employee ownership or participatory principles, or

(ii) require the active participation of employees, users or stakeholders; and

(d) the organisation has not been awarded, pursuant to this regulation, a contract for the services concerned by the contracting authority concerned within the past 3 years.

(4) The maximum duration of a contract awarded under this regulation shall not be longer than 3 years.

(5) Where a contracting authority exercises the power of reservation conferred by paragraph (1), the call for competition shall make reference to Article 77 of the Public Contracts Directive.

(6) This regulation does not apply in relation to the procurement of health care services for the purposes of the NHS within the meaning and scope of the National Health Service (Procurement, Patient Choice and Competition) (No. 2) Regulations 2013.

# APPENDIX E

## Useful Websites

National Procurement Service:

<http://nps.gov.wales>

Sell2Wales:

<http://www.sell2wales.gov.uk>

Value Wales:

<http://gov.wales/topics/improvingservices/bettervm/>

Public Contract Regulations 2015:

<http://www.legislation.gov.uk/uksi/2015/102/contents/made>

EU Procurement Directive:

[http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L\\_.2014.094.01.0065.01.ENG](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2014.094.01.0065.01.ENG)

European Commission Guidance:

<http://gov.wales/funding/eu-funds/2014-2020/looking/procurement/?lang=en>

Community Benefits:

<http://prp.gov.wales/planners/general/strategy/procstrat/communitybenefits/>

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**Revised DCC Procurement Strategy &  
Contract Procedure Rules  
20 January 2016**

**Equality Impact Assessment**

# Revised DCC Procurement Strategy & Contract Procedure Rules

Contact: Tom Booty; Finance, Assets and Housing

Updated: 20.01.16

## 1. What type of proposal / decision is being assessed?

Revision to DCC's procurement strategy and Contract Procedure Rules (CPRs)

## 2. What is the purpose of this proposal / decision, and what change (to staff or the community) will occur as a result of its implementation?

The development of a new procurement strategy which will bring our procurement practices in line with recent changes to procurement law and policy guidance from Welsh Government. At the same time we will be revising our Contract Procedure Rules (CPR's), and following consultation we expect both the strategy and revised CPR's to be in place by April 2016.

The main change to both staff and community is that from April 2016 the majority of our procurement processes will be conducted electronically.

## 3. Does this proposal / decision require an equality impact assessment? If no, please explain why.

*Please note: if the proposal will have an impact on people (staff or the community) then an equality impact assessment **must** be undertaken*

<Please Select> Yes

## 4. Please provide a summary of the steps taken, and the information used, to carry out this assessment, including any engagement undertaken

*(Please refer to section 1 in the toolkit for guidance)*

Both the principles of the Strategy/CPRs and the documents themselves have been assessed for any impact on the protective characteristics based on the eight equality and diversity impacts listed in the toolkit. The Strategy and CPRs seek to ensure that there is an equal opportunity for all



suppliers who meet stated criteria to participate in bidding processes. The implementation of the Strategy will require the use of externally developed electronic systems (e.g. Proactis Plaza, Sell2Wales) so it is important that the impact of these systems on equalities is also considered.

In addition, a consultation process has been carried out whereby the draft Strategy and CPR documents were circulated both internally (to Members, CET, SLT, Internal Audit, Corporate Procurement and Middle Managers) and externally to the North Wales business community. No issues were raised in connection with equality and diversity impacts by the consultees.

**5. Will this proposal / decision have a positive impact on any of the protected characteristics (age; disability; gender-reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; and sexual orientation)?**

*(Please refer to section 1 in the toolkit for a description of the protected characteristics)*

No

**6. Will this proposal / decision have a disproportionate negative impact on any of the protected characteristics (age; disability; gender-reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; and sexual orientation)?**

It is not anticipated that there will be any disproportionate negative impact on any of the protected characteristics. We anticipate that the effect on the protected characteristics will be neutral although there may be a small negative impact, on people with visual disabilities or businesses that do not have internet access, due to the increased use of electronic procurement. There is the potential to discriminate indirectly in the way that individual officers may apply the tendering process.

**7. Has the proposal / decision been amended to eliminate or reduce any potential disproportionate negative impact? If no, please explain why.**

<Please Select>	Yes. Provision has been made that in exceptional circumstances hard copy (rather than electronic) tenders can be submitted. It should be noted however, that the adoption of electronic procurement is not optional as it is a legal requirement that it must be used by 2018. Each individual procurement process will have different equality and diversity impacts so each procurement exercise will need to carry out its own EqIA. This requirement will be included in the CPRs
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**8. Have you identified any further actions to address and / or monitor any potential negative impact(s)?**

<Please Select>	No
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Action(s)	Owner	By when?
<Please describe>	<Enter Name>	<DD.MM.YY>
<Please describe>	<Enter Name>	<DD.MM.YY>
<Please describe>	<Enter Name>	<DD.MM.YY>
<Please describe>	<Enter Name>	<DD.MM.YY>
<Unrestrict editing to insert additional rows>	<Enter Name>	<DD.MM.YY>

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**9. Declaration**

Every reasonable effort has been made to eliminate or reduce any potential disproportionate impact on people sharing protected characteristics. The actual impact of the proposal / decision will be reviewed at the appropriate stage.

Review Date:	20/01/16
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Name of Lead Officer for Equality Impact Assessment	Date
Tom Booty	20.01.16

**Please note you will be required to publish the outcome of the equality impact assessment if you identify a substantial likely impact.**

COUNCIL FORWARD WORK PROGRAMME

Meeting	Item (Description / Title)		Purpose of Report	Council Decision Required (yes/no)	Lead member and Contact Officer
<b>Council Briefing 7 March 2016</b>	1	Child Sexual Exploitation		N/A	CLlr Bobby Feeley / Nicola Stubbins / Colin Tucker
	2	Cemetery Rules	To consider the Council's approach to the management of memorabilia and dedication of memorial benches at its cemeteries	N/A	CLlr David Smith/Steve Parker/Simon Billington
	3	'Loneliness' Talk	A talk recommended by Partnerships Scrutiny on loneliness issues for some elderly people	N/A	CLlr Bobby Feeley/Sandra Jones
	4	Presentation from the Chief Executive of the Board of Community Health Councils in Wales	To present to members on the role of the CHCs in Wales.	N/A	CLlr Bobby Feeley/Nicola Stubbins
<b>12 April 2016</b>	1	Nominations for the Posts of Chair and Vice of Council	To agree the nominations.	Yes	Gary Williams
	2	Committee Timetable / Annual Review of Political Balance	To approve the committee timetable until the end of 2017 and review the political balance of the committees	Yes	CLlr Barbara Smith/Steve Price
	3	Prestatyn Boundary Review	To review ward arrangements for Prestatyn	Yes	CLlr Barbara Smith/ Steve Price
	4	SLT Pay Review		Yes	CLlr Julian Thompson-Hill / Catrin Roberts (HR)
	5	Pay Policy		Yes	CLlr Julian Thompson-Hill / Catrin Roberts (HR)
	6	New Model Constitution	To adopt the Council's new Constitution	Yes	CLlr Barbara Smith/Gary Williams/Lisa Jones

COUNCIL FORWARD WORK PROGRAMME

<b>Annual Meeting 10 May 2016</b>	1	Appointment of the Chair and Vice Chair of Council	For Council to appoint the Council's civic leaders for the 2016/17 municipal year	Yes	Gary Williams
	2	Annual Report of the Scrutiny Committees 2015/2016	To review the activities of the Scrutiny Committees	No	Rhian Evans/Steve Price
<b>COUNCIL BRIEFING 6 June 2016</b>	1	Learning from Rotherham – Corporate Safeguarding Panel		N/A	Cllr Bobby Feeley / Nicola Stubbins
	2	Young People Not in Education, Employment or Training ('NEET')	To consider how the Council is working to improve the lives and prospects for young people who are 'NEET'	N/A	Cllr Eryl Williams/John Gambles
	3	Neighbourhood Watch (tbc) <b>Note: this issue may be considered by the MAGS and not require a Council Briefing slot.</b>	To consider proposals for members' involvement in maintaining neighbourhood watch arrangements	N/A	PCSO Alexandra Jones
<b>5 July 2016</b>					
<b>6 September 2016</b>					
<b>18 October 2016</b>	1	Annual Improvement Report		Yes	Cllr Julian Thompson-Hill / Alan Smith
<b>COUNCIL BRIEFING 14 November 2016</b>					
<b>6 December 2016</b>					

COUNCIL FORWARD WORK PROGRAMME


***Note for Officers – Full Council Report Deadlines***

<i>Meeting</i>	<i>Deadline</i>	<i>Meeting</i>	<i>Deadline</i>	<i>Meeting</i>	<i>Deadline</i>
<i>February 2016</i>	<b>9 Feb 2016</b>	<i>April 2016</i>	<b>29 March 2016</b>	<i>May 2016</i>	<b>26 April 2016</b>
<i>July 2016</i>	<b>21 June 2016</b>	<i>September 2016</i>	<b>23 August 2016</b>	<i>October 2016</i>	<b>4 October 2016</b>
<i>December 2016</i>	<b>22 Nov 2016</b>				

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