

# **BIRMINGHAM CITY COUNCIL**

## **RESOURCES OVERVIEW AND SCRUTINY COMMITTEE**

**THURSDAY, 06 OCTOBER 2022 AT 14:00 HOURS**  
**IN COMMITTEE ROOM 6, COUNCIL HOUSE, VICTORIA SQUARE,**  
**BIRMINGHAM, B1 1BB**

### **A G E N D A**

#### **1 NOTICE OF RECORDING/WEBCAST**

The Chair to advise/meeting to note that this meeting will be webcast for live or subsequent broadcast via the Council's meeting You Tube site ([www.youtube.com/channel/UCT2kT7ZRPFCXq6\\_5dnVnYlw](http://www.youtube.com/channel/UCT2kT7ZRPFCXq6_5dnVnYlw)) and that members of the press/public may record and take photographs except where there are confidential or exempt items.

#### **2 APOLOGIES**

To receive any apologies.

#### **3 DECLARATIONS OF INTERESTS**

Members are reminded that they must declare all relevant pecuniary and non pecuniary interests arising from any business to be discussed at this meeting. If a disclosable pecuniary interest is declared a Member must not speak or take part in that agenda item. Any declarations will be recorded in the minutes of the meeting.

**5 - 12**

#### **4 ACTION NOTES AND ACTION TRACKER**

To agree the action notes of the meeting held on 8 September 2022 and note the action tracker.

**13 - 26**

#### **5 FINANCIAL MONITORING 2022/23 - MONTH 5**

To consider the Month 5 Financial Monitoring Report.

**27 - 44**

#### **6 UPDATE ON IMPLEMENTATION OF ORACLE**

Rebecca Hellard, Strategic Director of Council Management, and James Couper, ERP Programme Director, in attendance.

**45 - 108**

7 **PROGRESS REPORT ON IMPLEMENTATION: PROCUREMENT GOVERNANCE ARRANGEMENTS**

To receive a progress report on implementation of the recommendations of the Task & Finish Group on Procurement Governance Arrangements.

**109 - 118**

8 **PLANNED PROCUREMENT ACTIVITIES REPORTS**

To consider the Cabinet reports (to be considered on 11 October) on planned procurement activity.

**119 - 132**

9 **WORK PROGRAMME**

To agree the work programme.

10 **DATE OF THE NEXT MEETING**

To note that the next meeting is scheduled for Thursday 17 November 2022 at 1400 hours.

11 **REQUEST(S) FOR CALL IN/COUNCILLOR CALL FOR ACTION/PETITIONS RECEIVED (IF ANY)**

To consider any request for call in/councillor call for action/petitions (if received).

12 **OTHER URGENT BUSINESS**

To consider any items of business by reason of special circumstances (to be specified) that in the opinion of the Chair are matters of urgency.

13 **AUTHORITY TO CHAIR AND OFFICERS**

Chair to move:-

'In an urgent situation between meetings, the Chair jointly with the relevant Chief Officer has authority to act on behalf of the Committee'.

14 **EXCLUSION OF THE PUBLIC**

That in view of the nature of the business to be transacted which includes exempt information of the category indicated the public be now excluded from the meeting:-

Exempt Paragraph 3

**PRIVATE AGENDA**

15 **PLANNED PROCUREMENT ACTIVITIES EXEMPT APPENDIX 3**

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

16 **OTHER URGENT BUSINESS (EXEMPT INFORMATION)**

To consider any items of business by reason of special circumstances (to be specified) that in the opinion of the Chair are matters of urgency.



**BIRMINGHAM CITY COUNCIL****RESOURCES O&S COMMITTEE – PUBLIC MEETING**

**1400 hours on Thursday 8 September 2022, Committee Room 6, Council House, Victoria Square, B1 1BB**

**Action Notes**

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**Present:**

Councillor Aikhlaq Ahmed (Chair)

Councillors: Meirion Jenkins and Paul Tilsley

**Also Present:**

Councillor Yvonne Mosquito, Cabinet Member, Finance and Resources

Fiona Bottrill, Senior Overview and Scrutiny Manager

Richard Peirce, Finance Manager, Financial Strategy (on-line)

Mohammed Sajid, Interim Head of Financial Strategy

Steve Sandercock, Interim AD, Procurement (on-line)

Lisa Taylor, Interim Head of Financial Planning (on-line)

Amanda Simcox, Scrutiny Officer (on-line)

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**1. NOTICE OF RECORDING/WEBCAST**

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**2. APOLOGIES**

Apologies for non-attendance were received on behalf of Councillors Bushra Bi, Hendrina Quinnen, Rashad Mahmood and Ken Wood.

**3. DECLARATIONS OF INTERESTS**

None.

#### 4. ACTION NOTES

(See documents No 1 and 2)

The Chair advised that the outstanding actions have been chased.

##### **RESOLVED:-**

The action notes of the meeting held on 28 July 2022 were agreed and the action tracker was noted.

#### 5. CABINET MEMBER FOR FINANCE AND RESOURCES – PORTFOLIO PRIORITIES

(See document No 3)

Councillor Yvonne Mosquito, Cabinet Member, Finance and Resources was in attendance and presented her report and highlighted that she would like to create more financial literacy, so councillors and citizens can better understand the council's finances and therefore more inclusive. The Cabinet Member also praised the work of officers in the Directorate.

Lisa Taylor, Interim Head of Financial Planning was in attendance on behalf of Sara Pitt, Director of Finance (Deputy Section 151 Officer), and Mohammed Sajid, Interim Head of Financial Strategy was also in attendance.

In the course of the discussion, and in response to Members' questions, the following were among the main points raised:

- The 3 star rating was awarded in 2021, and officers are working towards a 4 star rating, continuing to demonstrate to CIPFA that the Council has good financial management in place.
- Cllr Merion Jenkins commented that there was a minority opinion on the Procurement Governance Arrangements report, as the Conservative Group believed the level of officer delegation is in excess of any core city and is detrimental to the Council.
- The Cabinet Member's priority to 'promote Fair Tax Accreditation to encourage companies to pay their fair share and we will promote businesses contracted by the Council that are matching pay parity with local government' was queried in relation to public sector pay and disadvantaging those companies where pay is not comparable. It was agreed this would be raised with Steve Sandercock later in the meeting.
- It was suggested that the Council can assist families who are struggling by working with the voluntary sector to help those hardest to reach in the community.
- The Council needs to simplify procurement for the voluntary sector and SME's, as they have not got the resources to compete with large organisations, due to the complexity and the lack of specialist knowledge.
- It was felt that the tender document seeks to minimise risk for the purchaser, which disadvantages smaller companies, and it was suggested that the council could have indemnities in place to mitigate risks.
- Concerns were raised regarding S106 and Community Infrastructure Levy (CIL) funds going into a central pot rather than the appropriate ward. Members were informed that officers are undertaking a thorough review of

S106 and CIL at the moment. Also, S106 and CIL have criteria attached to them which must be adhered to. Any changes to the criteria need to be in agreement with the developer. It was suggested that an officer from the Planning Department attends to explain the policy and procedure. Fiona Bottrill highlighted that this would be in relation to clarifying policy decisions and not individual planning applications.

The Cabinet Member thanked Members for the discussion, she had taken onboard the comments, and agreed to incorporate CIL and S106, and working with SME's, so it is less bureaucratic, into her priorities.

**RESOLVED:**

- Steve Sandercock to provide clarification in relation to promoting businesses contracted by the Council that are matching pay parity with local government.
- There will be a meeting with officers to discuss S106 and CIL, and the best way going forward.
- The update was noted.

**6. FINANCIAL MONITORING 2022/23 – MONTH 4**

(See documents No 4 and 5)

Lisa Taylor, Interim Head of Financial Planning (on-line), and Mohammed Sajid, Interim Head of Financial Strategy were in attendance. Lisa Taylor gave the presentation and highlighted that the financial challenges are changing all the time, the Council is in a robust position and has strong reserves and balances, and they are working to close the £33m gap, and are working to mitigate high level risks.

In the course of the discussion, and in response to Members' questions, the following were among the main points raised:

- Paragraph 2.1: capital spend is weighted towards the later end of the year and it was suggested that officers need to look at the capital programme and profile with is known rather than wait for slippages. Officers do try and look at the profiling throughout the year and they will continue to improve on this.
- Paragraph 2.3: it was felt that risks to delivery, particularly relating to Brexit and HS2, which has affected labour shortages and materials should not be underestimated.
- Paragraph 5.2: they try and keep liquidity at £40m.
- Paragraph 6.10: Adult Social Care is 34% of the budget and Cllr Paul Tilsley highlighted that there is a need to work with health colleagues, as he was at a meeting last week with senior officers at UHB Hospitals, which has 160 patients that could be in the community if there was capacity. Officers agreed to take this back to the Adults Social Care Team.
- Paragraph 6.14 Energy Costs: Steve Sandercock has an outstanding action to provide Members with information on the length of electricity and fuel contracts. He will verify the information and send an e-mail on this.
- Paragraph 8.2: the amount of high risk savings have been reduced and officers hope the next report will show a continued reduction.

- Fiona Bottrill asked Steve Sandercock the question raised under the previous item regarding promoting business contracted by the Council matching pay parity with local government, and it was agreed that there would be a formal response post meeting.

**RESOLVED:-**

The update was noted and:

- Officers to report to the Adults Social Care Team the issue of 160 patients awaiting discharge from UHB Hospitals and lack of capacity in the community.
- Steve Sandercock to provide Members with information on the length of electricity and fuel contracts as previously agreed.

## **7. LONG TERM DEBT STRATEGY**

(See documents No 6 and 7)

Mohammed Sajid, Interim Head of Financial Strategy, gave the presentation and highlighted why the Council borrows, financing of capital expenditure, capital programme and borrowing, debt statistics, how the Council borrows, cost of borrowing/debt, budgeted debt costs, and strategies to reduce debt costs,

Information regarding the purchasing of retail in Sutton and 9 Colmore Row was requested and it was agreed that the Cabinet reports would be shared

**RESOLVED:-**

- The update was noted and the Cabinet Reports to be shared with Members.

Cllr Merion Jenkins left the committee meeting at this point, therefore the meeting was no longer quorate and therefore the Committee did not make decisions in relation to the following agenda items.

## **8. PLANNED PROCUREMENT ACTIVITIES REPORT**

(See documents No 4 and No 5)

Steve Sandercock, Interim AD, Procurement was in attendance on-line for this item. Members were told that the reports went to Cabinet on Tuesday 6 September 2022: Key Decision Planned Procurement Activities (October 2022 – December 2022), and Non-Key Decision Planned Procurement Activities (October 2022 – December 2022),

**RESOLVED:-**

The reports were noted.

## **9. WORK PROGRAMME**

(See document No 9)

The following points were raised:



- Fiona Bottrill, Senior Overview and Scrutiny Manager, provided an update on the October meeting and confirmed that the Council Assets inquiry recommendations would be tracked at the November meeting.
- The best way forward in terms of the suggestion for an item on S106 and CIL will be discussed with officers.
- As the Cabinet Member for Environment will probably be attending a future meeting of Housing and Neighbourhoods OSC, members of this committee could be invited to that meeting to join this up, rather than having two separate meetings.

**RESOLVED:-**

The work programme was noted.

**10. DATE OF THE NEXT MEETING**

Noted.

**11. REQUEST(S) FOR CALL IN/COUNCILLOR CALL FOR ACTION/PETITIONS RECEIVED (IF ANY)**

None.

**12. OTHER URGENT BUSINESS**

None.

**13. AUTHORITY TO CHAIR AND OFFICERS**

**RESOLVED:**

The decision that in an urgent situation between meetings, the Chair jointly with the relevant Chief Officer has authority to act on behalf of the Committee will be rolled over from the last committee meeting due to not being quorate for this item.

**14. EXCLUSION OF THE PUBLIC**

N/A

**PRIVATE AGENDA**

**15. PLANNED PROCUREMENT ACTIVITIES EXEMPT APPENDIX 3**

N/A

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The meeting ended at 15.48 hours.

**RESOURCES O&S COMMITTEE**  
**ACTION TRACKER 2022/23**

Date	Agenda Item	Action	Notes
28-Jul-22	Provisional Financial Outturn Report 2021/22	Director of Finance to look into the provision of Treasury Management training for all Members.	
	Financial Monitoring 2022/23 – Quarter 1	Director of Finance to provide: <ul style="list-style-type: none"> <li>• Further information on the length of electricity and fuel contracts.</li> <li>• A table that can be shared with Scrutiny Chairs to explore if there is a correlation with underspending, overspending and performance.</li> </ul>	Emailed to Members on 27 <sup>th</sup> September. Emailed to Members on 27 <sup>th</sup> September.
	Work Programme	Report on Implementation of Oracle to be included on the agenda for September.	This item was deferred and is now scheduled for October.
08-Sep-22	Cabinet Member for Finance and Resources – Portfolio Priorities	<ul style="list-style-type: none"> <li>• Interim AD, Procurement to provide clarification in relation to promoting businesses contracted by the Council that are matching pay parity with local government.</li> <li>• S106 and CIL – it was suggested that an officer from Planning attends a future meeting to explain the policy and procedure.</li> </ul>	To be discussed with officers.
	Financial Monitoring 2022/23 – Month 4	Interim AD, Procurement to provide Members with information on the length of electricity and fuel contracts as previously agreed (outstanding action from the July meeting – see above).	Emailed to Members on 27 <sup>th</sup> September.
	Long Term Debt Strategy	The Cabinet Reports in respect of 9 Colmore Row and Sutton Coldfield Retail to be shared with Members.	Emailed to Members on 27 <sup>th</sup> September.



# Birmingham City Council

## Report to Cabinet

11<sup>TH</sup> OCTOBER 2022



**Subject:** FINANCIAL MONITORING REPORT 2022/23  
MONTH 5 (UP TO 31<sup>ST</sup> AUGUST 2022)

**Report of:** Strategic Director of Council Management and S151  
Officer – Rebecca Hellard

**Relevant Cabinet Member:** Councillor Yvonne Mosquito – Finance & Resources

**Relevant O & S Chair(s):** Councillor Akhlaq Ahmed - Resources

**Report author:** Director of Finance (Deputy S151 Officer) – Sara Pitt

Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 010523/2022		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential:		

### 1 Executive Summary

- 1.1 The monthly finance report attached as Appendix A is part of the City Council's robust financial management arrangements.

### 2 Recommendations

That the Cabinet:-

- 2.1 Approves that up to £5.0m of the Financial Resilience Reserve (FRR) is used to fund the costs of the Cost of Living Emergency, as set out in paragraph 4.1.
- 2.2 Approves the delegation of expenditure on the Cost of Living Emergency, as set out in paragraph 4.2.
- 2.3 Notes that due to the extraordinary national economic circumstances, an update on the financial position will be provided to Cabinet each month, rather than just quarterly during the 2022/23 financial year. A more detailed report will be provided quarterly. We will also continue to provide the monthly report to Resources Overview & Scrutiny Committee.
- 2.4 Notes that at Month 5 the City Council's strategic aim continues to be to deliver a balanced revenue position by the end of this financial year.
- 2.5 Notes that the Council faces a number of financial challenges in 2022/23. However, the Council is in a strong robust position with strong financial planning processes in place. Reserves are healthy and within recommended limits.
- 2.6 Notes that due to the ongoing improvements in the restructuring of cost centres to improve financial management this is a high level report. A more detailed report will be available at quarter 2.

### **3 Background**

- 3.1 At the meeting on 22nd February 2022, the Council agreed a net revenue budget for 2022/2023 of £759.2m to be met by government grants, council tax and business rates. Appendix A sets out the high level financial position at Month 5.

### **4 Key Issues**

#### **Revenue position**

- 4.1 As described in Appendix A paragraphs 1.8 to 1.12, Cabinet is asked to approve the use of up to £5.0m of the FRR to fund the Cost of Living Emergency.
- 4.2 Cabinet is asked to approve that authority for this expenditure is delegated to the Director of Strategy, Equality and Partnerships and the Section 151 officer, in consultation with the appropriate Cabinet Members.

#### **Revenue position**

- 4.3 Unlike many Councils we undertake a rolling review of our budget all year rather than as a one off annual process, so are constantly looking at the pressures we are facing or may have to face in the future, giving us an early warning and time to react and put in place actions to manage impacts.
- 4.4 The Director of Council Management will be presenting a Medium Term Financial Plan update report to this meeting providing an update on the financial pressures the Council is facing and the mitigating actions being taken.

- 4.5 Appendix A sets out in Section 7 a number of risks that have been identified at this stage in the year. Whilst there are potential pressures, there is sufficient time for these to be quantified and mitigating actions taken to ensure a balanced revenue position by the end of the year.
- 4.6 In Section 8 of Appendix A, a number of opportunities to reduce expenditure are described. More details will be provided in later reports.

### **Capital Programme**

- 4.7 A capital budget of £531.7m was set in the Financial Plan 2022/23 and approved by full Council on the 22<sup>nd</sup> February 2022. Following slippage of £162.7m at the end of 2021/22 which was approved by Cabinet on 26<sup>th</sup> July 2022 the Capital budget for 2022/23 is now £694.4m
- 4.8 Like all financial years capital spend is weighted towards the later end of the year, and often spend will slip in to the following year due to the complex nature of many of the capital projects.
- 4.9 Further details will be provided in the Quarter 2 report.

### **Treasury Management**

- 4.10 Gross loan debt is currently £3,210m, compared to £3,035m at quarter 1, with no foreseen risks to the year-end planned level of £3,452m. The annual cost of servicing debt represents approximately 29.5% of the net revenue budget. The planned level of debt and annual cost of servicing debt currently includes over £200m borrowing for the Enterprise Zone (EZ), due to be financed from Business Rates growth within the EZ.
- 4.11 The Council's treasury investments are currently £44m, against a planned level of £40m. The Council's cash balances are no longer at elevated levels from government support for Covid and energy relief and the Council has resumed short-term borrowing, as per the Treasury Management Strategy.

## **5 Options considered and Recommended Proposal**

- 5.1 CLT have recently adopted a set of budget management principles to ensure the delivery of a balanced budget this year whilst delivering Best in Class Services. These principles include the agreement that all overspends, demands, growth and pressures should be managed and contained at a Directorate level. Any residual gap must be managed across CLT collectively in order to achieve a balanced budget by the end of the year.
- 5.2 As referred in paragraph 7.3 of the Month 4 Financial Monitoring report presented to Resources Overview and Scrutiny Committee on 8 September 2022, the Council is returning to rigorous spend controls focusing on staffing, facilities management and procurement. We have in place measures to ramp up the benefit of these controls and look for opportunities to implement other spend control panels focusing on specific areas of spend.

## **6 Consultation**

- 6.1 The Leader and Cabinet Members, Directors and the City Solicitor have been consulted in the preparation of this report.
- 6.2 There are no additional issues beyond consultations carried out as part of the budget setting process for 2022/23.

## **7 Risk Management**

- 7.1 The monitoring of the Council's budget and the identification of actions to address issues arising, as set out in this report, are part of the Council's arrangements for the management of financial issues.

## **8 Compliance Issues:**

### **8.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?**

- 8.1.1 The budget is integrated with the Council Financial Plan, and resource allocation is directed towards policy priorities.

### **8.2 Legal Implications**

- 8.2.1 Section 151 of the 1972 Local Government Act requires the Chief Finance Officer (as the responsible officer) to ensure the proper administration of the City Council's financial affairs. Budget control, which includes the regular monitoring of and reporting on budgets, is an essential requirement placed on Directorates and members of the Corporate Management Team by the City Council in discharging the statutory responsibility. This report meets the City Council's requirements on budgetary control for the specified area of the City Council's Directorate activities.
- 8.2.2 Section 111 of the Local Government Act 1972 contains the Council's ancillary financial and expenditure powers in relation to the discharge of its functions.

### **8.3 Financial Implications**

- 8.3.1 The Appendix attached gives details of the risks, potential financial pressures the city council faces and actions to be taken to ensure service delivery within available resources.

### **8.4 Procurement Implications (if required)**

- 8.4.1 N/A

### **8.5 Human Resources Implications (if required)**

- 8.5.1 N/A

### **8.6 Public Sector Equality Duty**

- 8.6.1 There are no additional Equality Duty or Equality Analysis issues beyond any already assessed in the year to date. Any specific assessments needed shall be made by Directorates in the management of their services.



## **9 Background Documents**

- 9.1 City Council Financial Plan 2022/23 approved at Council 22nd February 2022
- 9.2 Quarter 1 Financial Monitoring Report approved by Cabinet 26th July 2022
- 9.3 M4 – Resources Overview and Scrutiny Committee 8<sup>th</sup> September 2022



## Report to Cabinet – 11<sup>th</sup> October 2022.

### Month 5 Financial Monitoring Report 2022/23

#### 1. High Level Summary Financial Position

- 1.1. Due to the extraordinary economic situation nationally, it has been agreed that a high level Financial Monitoring Report will be provided to Cabinet and Resources Overview and Scrutiny Committee each month during 2022/23. The more detailed reports will continue to be provided on a quarterly basis.
- 1.2. At month 5 the City Council's strategic aim continues to be to deliver a balanced revenue position by the end of the financial year.
- 1.3. At the Council Meeting on the 22<sup>nd</sup> February 2022 Birmingham City Council approved a net revenue budget of £759.2m for the 2022/23 financial year as shown in table 1. This report sets out the high-level financial performance against that budget at the end of month 5, along with a review of risks and mitigating factors to ensure a balanced budget is delivered.

**Table 1 High Level 2022/23 Net Revenue Budget**

Directorate	Budget
	£m
Children & Families	329.589
City Operations	192.682
City Housing	15.369
Place, Prosperity and Sustainability	61.844
Strategy, Equalities and Partnerships	3.253
Adult Social Care	357.744
Council Management	93.212
<b>Directorate Sub Total</b>	<b>1,053.693</b>
Corporate Budgets	(294.461)
<b>Corporate Subtotal</b>	<b>(294.461)</b>
<b>City Council General Fund Budget</b>	<b>759.232</b>

- 1.4. The budget for 2022/23 when approved by full Council in February 2022 was balanced, however there was a gap for future years of £33m. An approach to balance the budget has been developed and agreed by the Corporate Leadership Team (CLT) and work is underway for this year and future years through the rolling Medium Term Financial Plan (MTFP) process. This Cabinet Committee of 11<sup>th</sup> October is also receiving a separate report providing an update on the MTFP and progress to close this future budget gap.
- 1.5 While we have seen other Councils failing due to poor governance and decision making, weak procurement, low levels of reserves and over borrowing, Birmingham City Council remains in a strong robust position with strong

financial planning processes in place. Reserves are healthy and within recommended limits. Borrowing is not excessive and is reducing, and the Council scores well on the CIPFA Resilience Index Indicators.

- 1.6 The Council is a CIPFA 3 Star Financial Management Authority recognising the significant financial management improvements made across the organisation since 2019 and we are continuing to further improve and aim for a 4 Star rating by April 2023.
- 1.7 The City Council like all other local authorities is facing a number of financial challenges in 2022/23. The current cost of living crisis is impacting on our citizens, businesses, and the services we deliver, resulting in a greater demand for our services and reducing income generating opportunities. Examples include, rising energy costs, increases in the costs of goods and services and the impact from the war in Ukraine.
- 1.8 The cost of living crisis is so severe that at Cabinet on 6<sup>th</sup> September 2022, the Leader of the City Council declared a “Cost of Living Emergency”.
- 1.9 There are a number of actions that have been taken already:
  - Cabinet of 28<sup>th</sup> June approved an additional £1.3m to support the most vulnerable in our cities on top of the £12.6m being spent via the Household support fund
  - The Council has ensured that over £56m has been paid out in Council Tax Energy Rebates to approximately 376,000 households out of a total of 390,000;
  - The Council has begun to issue Healthy Start vouchers to eligible children with the Children’s Trust granting hardship payments to those most in need.
  - The Council is working with third sector partners to promote debt prevention and providing advice on cash management as well as promoting benefits take up – which will be crucial in ensuring that the most vulnerable receive some support as quickly as possible.
  - The Council has also announced plans to look at the feasibility of creating warm banks across the City as we head into autumn and winter.
- 1.10 The Council is aware that even the above measures will not be enough to fully mitigate the impact of the rising cost of energy, food and fuel.

- 1.11 Therefore, the Council is moving to deploy resources to support residents and businesses. This includes providing advice to residents on claiming benefits and supply of food through food banks. More details will be provided in the coming months. The Council is anticipating support will be offered by the Government. Until that is known, the impacts will not be clear.
- 1.12 As detailed above, Cabinet is asked to approve the use of up to £5.0m of the Financial Resilience Reserve (FRR) to fund costs of the emergency.
- 1.13 We continue to recognise that there are a number of risks to balancing the budget. These risks must all be carefully gripped and managed at pace and offset by opportunities to make savings. Rigorous spend controls introduced last year for workforce, property and procurement expenditure remain in place to reduce and minimise costs.

## **2 Capital**

- 2.1 A capital budget of £531.7m was approved by full Council on the 22<sup>nd</sup> February 2022. Following slippage of £162.7m at the end of 2021/22 which was approved by Cabinet on 26<sup>th</sup> July 2022 the Capital budget for 2022/23 is now £694.4m.
- 2.2 Like all financial year's capital spend is weighted towards the later end of the year, and often spend will slip into the following year due to the complex nature of many of the capital projects.
- 2.3 There remain risks to delivery, particularly relating to labour and material shortages for construction projects as a result of Brexit and HS2. These will be kept under review and appropriate action taken to mitigate where possible.
- 2.4 Whilst we endeavour to align the profile of budgets and expenditure, this is not always entirely possible. However, it is important to note that no financial resources will be lost if there is slippage in the programme's expenditure at the end of the financial year. The resources and planned expenditure will be "rolled forward" into future years.
- 2.5 A more detailed Capital Programme monitoring report will be provided at quarter 2.

## **3 Housing Revenue Account (HRA)**

- 3.1 The HRA budget for 2022/23 is £431.485m of which £287.738m is revenue expenditure and £143.747m is capital expenditure. Overall, the HRA spend is forecast to remain within budget this year. Any variation to this will be managed from the ring fenced HRA reserve.

## **4 Dedicated Schools Grant (DSG)**

- 4.1 The total DSG for 2022/23 is £1,374.2m before deductions. The allocation after deductions is £686.9m. This is allocated as follows: school block £377.2m, High Needs block £210.4m, Early Years block £83.0m and £16.3m Central School

Services Block. It is anticipated that there will be a balanced position for the total DSG this financial year.

## **5 Collection Fund**

- 5.1 As detailed in the Medium Term Financial Plan Report presented to Cabinet in February 2022, there is a forecast in year deficit for Business Rates of £1.8m. Generally, a surplus or deficit on the Collection Fund impacts on the following year's budget, which in this case will be 2023/24. The deficit is mainly related to a deficit on reliefs of £1.7m (partially offset by extra Section 31 Grant of £1.1m).
- 5.2 The in-year forecast for Council Tax is a surplus of £3.6m. This is mainly due to lower than forecast costs of Council Tax Support and other reliefs and discounts.
- 5.3 However, given the economic situation, there is a risk that collection rates for Business Rates and Council Tax could be worse than budgeted. This will be closely monitored throughout the remainder of the year.

## **6 Borrowing**

- 6.1 Gross loan debt is currently £3,210m, compared to £3,035m at quarter 1, with no foreseen risks to the year-end planned level of £3,452m. The annual cost of servicing debt represents approximately 29.5% of the net revenue budget. The planned level of debt and annual cost of servicing debt currently includes over £200m borrowing for the Enterprise Zone (EZ), due to be financed from Business Rates growth within the EZ.
- 6.2 The Council's treasury investments are currently £44m, against a planned level of £40m. The Council's cash balances are no longer at elevated levels from government support for Covid and energy relief and the Council has resumed short-term borrowing, as per the Treasury Management Strategy.
- 6.3 We will continue to closely review interest rates and where possible lock in rates, minimising risk and over exposure.

## **7 Risks**

- 7.1 All budgets contain risks and a number of risks were identified when setting the budget (as shown in Appendix E of the Financial Plan agreed by Council on 22<sup>nd</sup> February 2022).
- 7.2 In Appendix E, after weighting the risks for probability, there was a total risk of £118m. Given that not all risks would be expected to happen at the same time, a deflator of 70% was applied, leaving a total risk of £34.5m. This is more than covered by the General Fund Balance of £38.4m and the Financial Resilience Reserve (FRR) balance of £125.5m.

- 7.3 Like quarter 1 the City Council is continuing to deal with a number of financial risks at month 5 and is undertaking further due diligence to verify and mitigate these. The new risks or risks where further information is now available are shown below. Further detail will be provided at quarter 2.

### **Children and Families**

- 7.4 **Special Educational Needs Assessment and Review Service (SENAR) Service.** As previously reported the Ofsted inspection in May 2021 reported that the SENAR service was extremely under resourced and unable to meet its statutory responsibilities and additional funding was allocated to the service in 2021/22 and 2022/23.
- 7.5 The additional funding of £5.1m in 2021/22 and £5.3m in 2022/23 was based on the activity and backlogs of statutory tasks identified at that point, however further due diligence has identified a pressure of £4.9m.
- 7.6 The Directorate have a reserve that will be used to offset this pressure as a one off for 2022/23.
- 7.7 The service has undertaken extensive resource planning to ensure there is a sustainable structure. There will be a Cabinet report this month that will provide more details.
- 7.8 **Children & Young People Travel Service, formerly Home to School Transport (H2ST).** Significant improvements have been made which include work that will enable financial projections to be calculated from September onwards. Additional budget has been allocated to the service for 2022/23 due to significant financial pressures incurred in 2021/22. There remains a risk of overspend this year for the service of at least £5m which will be confirmed by Quarter 2.
- 7.9 **Birmingham Children's Trust.** Placement costs continue to represent the single biggest pressure for the Trust in 2022/23. The Trust operates CareFirst Financials for care pay, including payments to care leavers, care providers and foster carers. Based on data extracted from the CareFirst system the Trust are forecasting an in-year pressure which they are working with the City Council to manage and mitigate and a more detailed report will be provided at quarter 2 as to the analysis of care costs and the management response to this.

### **Adult Social Care**

- 7.10 **Demand for Adult Social Care** continues to remain hard to predict as the impact of the last two years of coronavirus has created the risk of a surge in numbers beyond the current high levels of referrals we are currently seeing. Prevention, Early Intervention, and hospital discharge schemes are picking up the bulk of the demand increases and the forecast is for packages of care costs to remain within the 2022/23 budget. So while pressure on adult social care services remains challenging it is currently being managed within existing budgets.

## Housing

- 7.11 **Temporary and Emergency Accommodation.** As reported previously demand for housing continues to increase as more citizens are struggling to manage in the current financial climate. The City Council is continuing to work at pace with citizens to prevent crisis, however based on current demand trends there is a risk that costs will exceed budget by around £5m this year. Work is underway and will continue throughout the year to manage and reduce costs wherever possible. Further details on the action being taken will be presented in the quarter 2 report to Cabinet.

## Corporate items

- 7.12 **The Pay Award.** The 2022/23 budget included a 2.5% increase for pay. It is estimated that the pay award of £1,925 per full time employee that has been offered (but not yet accepted) by the National Employers for Local Government Services will cost the Council general fund in the region of £14m more than the budgeted provision. This will be funded from the Financial Resilience Reserve.
- 7.13 The Housing Revenue Account, Public Health Grant and Dedicated Schools Grant will all be financially impacted by the pay award as they fund staff who will receive the pay award. The estimated total impact is £3.8m and the increased cost will need to be funded from within these grants.
- 7.14 **Energy costs.** As reported at Month 4 energy costs are rising and are expected to be greater than budgeted for this year. As well as street lighting, there are expected to be significant increase in gas and electricity costs across the corporate estate. As far as possible, Policy Contingency will be used to fund additional costs where they cannot be contained by directorates through reducing energy consumption or implementing other savings to offset these costs. We will continue to work with providers and where possible through new contract arrangements as they arise to mitigate against rising future costs.
- 7.15 **Income Collection.** Income remains a risk for many services as habits have changed following the pandemic. It is forecast that the number and value of debtors will increase as citizens and businesses struggle financially. The City Council has provision to manage bad debt and will continue to work with individuals and businesses to help them manage their debts. At this stage of the financial year it is difficult to put a financial value to this. Services including Parking and Leisure are working on income strategies to manage delivery of services with less income to ensure they remain within budget.
- 7.16 **Non Delivery of Savings.** The 2022/23 budget contains a number of savings targets as detailed in section 9 of this report. These savings are a variety of department specific savings and corporate savings that are dispersed savings from corporate initiatives including: Automation / Debt Recovery / Traded



Services / Corporate Landlord / New Ways of Working (NWoW) / Customer Services / Workforce Transition / Procurement Savings. Work continues to develop and deliver these at pace however at the time of writing this report it must be noted that £11.6m of savings are identified as being red and therefore high risk to delivery.

## **8 Potential Opportunities.**

- 8.1 Whilst we have a number of financial risks there are also opportunities to off set these risks which must continue to be maximised. It must be recognised that as detailed above in paragraph 7.2 while there are significant balances in both the Financial Resilience Reserve and General Fund Balance these are one off funding sources and use of them should be the last resort once all other mitigations have been exhausted.
- 8.2 A review of reserves and balances is currently taking place to ensure that monies are being fully utilised for example Section 106 and Community Infrastructure Levy (CIL) and specific grants including Public Health.
- 8.3 We have returning to rigorous spend controls focusing on staffing, facilities management and procurement. We have in place measures to ramp up the benefit of these controls and look for opportunities to implement other spend control panels focusing on specific areas of spend.
- 8.4 The MTFP contains a number of budget savings that are currently due to be delivered in future years and we will continue to explore the opportunities to deliver future years savings sooner.
- 8.5 The City Council is implementing a number of transformation programmes under the three pillars of People, Place and Fit for Purpose Council and where safe to do so these need to be delivered faster, meaning that the financial benefits are achieved ahead of schedule.

## **9 Savings / Income Targets**

- 9.1 Like previous financial years the Financial Plan for 2022/23 includes budgeted savings, these total £40.8m. In addition, there are undelivered savings from last year of £2.1m. Work must continue at pace to ensure all savings are delivered this year.
- 9.2 The individual forecasts for each savings / income target for the whole of the City Council have been RAG rated and are summarised in table 2 below.

**Table 2: Savings Risks 2022/23**

<b>Risk Profile for Delivery</b>	<b>Quarter 1 (£m)</b>	<b>Month 5 (£m)</b>	<b>% of Target</b>
<b>Delivered</b>	2.549	5.036	12%
<b>Low Risk</b>	19.260	16.773	39%
<b>Medium Risk</b>	8.688	9.496	22%
<b>High Risk</b>	12.368	11.560	27%
<b>Total</b>	<b>42.865</b>	<b>42.865</b>	<b>100%</b>

- 9.3 At this stage in the financial year, this risk profile is as expected and reflects the known challenges in delivering these targets.
- 9.4 Table 2 shows that of the £42.9m savings / income to be delivered in 2022/23, £11.6m is currently rated high risk. Savings scored as high risk are not deemed as undeliverable and work is in progress to realise these targets. This is an improvement of £0.8m since Quarter 1 due to City Operations Business as Usual initiatives, mainly allocation of workforce savings and review of managerial arrangements now being rated as medium risk. There is also an improvement of £2.5m in savings ranked as delivered due to City Housing savings related to Dispersed Rental Income now having been delivered
- 9.5 The main theme that results in savings targets being scored as high risk is the delivery of transformation dispersed savings from corporate initiatives including: Automation / Debt Recovery / Traded Services / Corporate Landlord / New Ways of Working (NWoW) / Customer Services / Workforce Transition / Procurement Savings.
- 9.6 These transformation programmes are at risk because these are corporately driven activities to release dispersed savings across services. These targets will be re-allocated to Directorates as programme work progresses.
- 9.7 Full details of these savings were presented in the quarter 1 report and full details will continue to be presented on a quarterly basis throughout the remainder of this financial year.

# 1B Resources Oversight & Scrutiny Committee

Becky Hellard & James Couper



# Purpose of this update

This pack is intended to provide the Resources Overview & Scrutiny Committee Members with an update on:

1. Items which have been addressed under Post Go-Live support
2. Current risks and issues being managed under the 1B programme
3. Remaining outstanding items to be addressed and a timeline for doing so
4. Support provision until end of December '22

*The appendix includes the most recent highlight reports for each functional area*

# Update on post Go-Live issues

- Oracle went live in April '22 and being the largest local authority in Europe means any change to our HR, Finance, Payroll and Procurement processes, data and underlying technology was going to be a significant undertaking.
  - Going live with all those activities at once was always a risk but a managed risk which was refined and assessed over many months. There was always going to be issues and a “dip” in business performance post go-live.
  - However, the level of issues the business is now experiencing is in excess of what was assessed. Our “dip” is deeper and longer than we had planned for. However, the issues are known and being managed and progress is being made across all areas.
- 
- Payroll payments to staff and pensioners with a 98.8% accuracy
    - Manual payroll adjustments are being made where complex allowances or staff changing roles. 208 in August down from 295 in July and 420 in June
    - Continued improvements in payroll processes and keeping to payroll timetables to ensure payroll normal level at circa 50 a month. Some of the current Manager processes are creating the problems and better service request management is being piloted to reduce the risk of manual error
  - Payment of invoices to suppliers; focus remains on clearing the backlog
    - 7130 invoices awaiting checking and validating – down from over 13,000 from the end of July
    - Automated solution put in place to speed up process and reduce manual interventions

# Update on post Go-Live issues

## ▪ Budget management

- There were delays in putting in capital and revenue budgets into Oracle. This is now in place along with actuals and forecasts
- There will be work ongoing to ensure that actual data is coded correctly and is cleansed
- Enabling budget holders to 'self-serve' in Oracle will be the longer-term focus

## ▪ Traded HR Services to Schools

- Initial issues with incorrect email addresses for schools users resolved
- Pilots for wider roll out of Employee Self-Serve to schools users is underway

## ▪ Traded Finance Services to Schools

- Operational impact of an issue with accounts payable that affected Schools invoices (Now resolved)
- Continued complaints from schools due to payroll inaccuracies
- Financial reporting for schools being work on as a priority

## ▪ Allocation of income

- Current work underway to allocate debt across the Council due to a high number of account receivable integrations and custom design/code compared to other Local Authorities. Direct Debit integrations being prioritised
- Sundry Direct Debit collection being performed manually, automation by end October

# Current Risks & Issues

Risk/Issue Description	Severity	Owner	Resolution Plan
<b>Accounts Receivables</b> – There are issues lacking ownership and direction within this area which is preventing collections across business areas	H →	Clare D'Agostino	<ol style="list-style-type: none"> <li>1. Plan with owners now in place</li> <li>2. An estimated 2 weeks slippage against the plan to automate DDs – w/e 14/10</li> </ol>
<b>ERP PaaS Extensions</b> – There are a high number of defects preventing the customisations currently working to the requirements of BCC	H →	Business Owners	<ol style="list-style-type: none"> <li>1. Finance: CCF &amp; BRS being prioritised for fixes. MTD &amp; CIS have ongoing fixes</li> <li>2. P2P: Sourcing defects under prioritisation</li> </ol>
<b>Oracle support organisation</b> – The identified Oracle technical support organisation has yet to be fully populated	H	Cheryl Doran	<ol style="list-style-type: none"> <li>1. Interim resources being identified to fulfil gaps</li> </ol>
<b>Service Now Tickets</b> – The pace at which tickets are being closed out by the ELS team and BCC MSP is below the level required	M ↓	James Couper	<ol style="list-style-type: none"> <li>1. Focus is on aged and on-hold tickets with V1</li> <li>2. Resolution plan agreed with V1. An update is provided in this pack</li> </ol>
<b>Volume of Change Requests</b> – Change Requests beyond the agreed scope of ELS are still being received. There is limited capacity for these to be delivered at pace whilst closing out SN tickets for BCC users.	M ↓	James Couper	<ol style="list-style-type: none"> <li>1. 16 Change requests in scope to be delivered for remainder of ELS.</li> <li>2. Remainder require an alternative delivery vehicle</li> <li>3. Change freeze in place</li> </ol>
<b>Reports development</b> – There are bottlenecks in turning around reports for re-test in HR and slow progress in testing across Payroll, Finance & P2P	M →	Business Owners	<ol style="list-style-type: none"> <li>1. HR high priority reports being fixed &amp; re-tested</li> <li>2. Reporting capacity to be extended until end of November</li> </ol>

# Outstanding Go-Live issues to address

## Finance

- Allocation of Direct Debit Payments – mid-October '22
- Automation of CIS Making Tax Digital returns to HMRC – mid-October '22
- Accounts Receivable custom Instalment Plan solution – mid-October '22
- Automated Bank Reconciliation System operational – end of October '22
- Fixes to the custom Customer Creation Form – end of October '22
- Final 16 integrations to be fully automated – end of October '22
- 11 business information reports – end of November '22

## Procurement

- Invoice notification issues – end of October '22
- Sourcing portal for suppliers – end of October '22
- 1 business information report – end of October '22



# Outstanding Go-Live issues to address

## Payroll

- Fix to back dated new starters to allow retro-pay – end of October '22
- 8 business information reports – end of November '22

## HR

- Statutory reports for HR Traded Service to Schools
  - Social Workers Census – mid-October '22
  - Schools Workforce Census – end of November '22
- Full solution for Pay Progression & Pay Awards for staff – mid-October '22

# Support provision until end of December '22

- **Given the volume of issues being worked upon by the 1B programme team and the support organisation not yet being in place to support Oracle. The 1B Steering Committee agreed to the following additional support to be kept in place before it is able to transition to business as usual.**
  - **This is not a 'one size fits all approach' across the functional areas and is a phased transitional approach to manage the areas with most risk and complexity**
- 
- User Adoption and comms – ends 30<sup>th</sup> September and no contractual vehicle to extend. Continued comms support may be required in which case a commercial requirements statement will be needed.
  - HR - Ownership transfers the leadership of Beccy Hemsley from 1<sup>st</sup> October. ELS transition period 1<sup>st</sup> October to mid-October. Continued support to outstanding ELS items until mid-October from 1B Programme Team
  - Payroll – Remains within ELS until mid-December with continued support and funding for 1 x Reporting Consultant and 1 x Payroll Functional Consultant. Transfers to IT&D leadership late-December
  - Finance - Remains under ELS until end of December. Review fitness to be transferred to IT&D Leadership. In the interim, resources will be refocussed to support AP, AR and R2R
  - Procurement – Remains under ELS until end of October. Transfers to BAU
  - System Admin – Remains as-is, led by IT&D (Ian Badger)
  - Solution Delivery – Remains under ELS until end of December. Review ongoing ownership at early-December. Further reporting support from Egress until end of November.

# Appendix



Functional Area		Human Resources	
Business Owner	Rebecca Hemsley	Service Team Lead	Pam Riley
Period Summary			
<ul style="list-style-type: none"> <li>Fixes are gradually being applied to clear the report defects that have been raised for the priority list provided by HR. New defects have been raised where applicable. Still outstanding Right To Work report which was one of the high/high priorities</li> <li>ORC Collaborator role in Production and monitoring feedback</li> <li>53 simple changes identified on ERP Roadmap have been delivered, 5 are in progress</li> <li>Continue to work through back log of Service Now Tickets and triage as appropriate</li> </ul>			

Service Now Tickets (target 40-60)	
Open Tickets	Aged Ticket (over 2 weeks)
106 (+6) ↑	76 (-4) ↓

Reports		
Awaiting Test	In Testing	Signed off
0	27	9 →

Priority Activity Area	Owner	Baseline Date	Expected Date	RAG	Comment
Simple list of values	Pam Riley	Aug-22	26-Sept-22		<ul style="list-style-type: none"> <li>53 of the 58 have been completed.</li> <li>Remaining 5 to be resolved by 26/09/2022</li> </ul>
Pay Progression/Award	Manoj Chawla	Aug-22	7-Oct-22		<ul style="list-style-type: none"> <li>1 outstanding report to be produced by MC</li> <li>First large scale pay award is the teachers' pay award in November 2022</li> </ul>
Schools Workforce Census Report	Fidelma Mulheir	Sep-22	3-Nov-22		<ul style="list-style-type: none"> <li>Progressed as per current revised plan. Awaiting SR 3-0644795201 that is with Oracle before we can proceed any further.</li> <li>Data Cleansing on-going</li> </ul>
Social Workers Census Report	Manoj Chawla	Oct-22	31-Nov-22		V1 to provide solution for BCT testing 19th October 2022. Ready for submission in November 2022

Management intervention required		At risk (over 1 week overdue)		On track (within 1 week tolerance)	Page 36 of 132	Complete	
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Functional Area		Finance	
Business Owner	Sara Pitt	Service Team Lead	Jan Perks
Period Summary			
<ul style="list-style-type: none"> <li>2 ELS priorities closed this period: Reports security and Schools Recharges</li> <li>There have been delays to completing final 3 priorities with revised completion dates in place</li> <li>Significant issues continue to be worked on across PaaS extensions in Finance particularly within CCF and BRS</li> <li>Progress has been made this period in completing the sign off of Finance reports. Target is to sign off the remainder by the end of September.</li> </ul>			

Service Now Tickets (target 40-60)	
Open Tickets	Aged Ticket (over 2 weeks)
283 (+4) ↑	235 (-5) ↓

Reports		
Awaiting Test	In Testing	Signed off
3	8	16 ↑

Priority Activity Area	Owner	Baseline Date	Expected Date	RAG	Comment
Making Tax Digital (VAT & CIS)	Abi Odusote	Jul-22	07-Oct-22		<ul style="list-style-type: none"> <li>MTD: a) MTD successfully submitted; b) VAT by CC report fix by 07/10 c) No viable solution on Authenticated VAT issue from Oracle , so business will continue to manually process a tax journal</li> <li>CIS: a) Aug CIS filed manually b) IR Mark issue fix is in progress. Next test slot is 07/10</li> </ul>
AR Instalment Plan	Vikas Ghai	Jul-22	29-Sep-22		<ul style="list-style-type: none"> <li>E2E testing to be completed by Evosys – 16/9 (underway)</li> <li>Handover to V1/BCC for UAT – 21/9</li> <li>Promotion to PROD – 29/9 (based on next available IT&amp;D CAB slot)</li> </ul>
Payroll Costings	Abi Odusote	Aug -22	27-Sep-22		<ul style="list-style-type: none"> <li>EP1010 report in development – 27/9</li> <li>BCT Suspense rule has been fixed and BCT Jul-22 Payroll postings are completed</li> <li>Mark S to process Payroll postings for Aug-22 (both Jul and Aug-22)</li> <li>CR for mandatory subjective code</li> <li>GL not closed due to issues</li> </ul>

Management intervention required		At risk (over 1 week overdue)		On track (within 1 week tolerance)		Complete	
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<b>Functional Area</b>		<b>Finance</b>	
<b>Business Owner</b>	<b>Sara Pitt</b>	<b>Service Team Lead</b>	<b>Jan Perks</b>

Priority Activity Area	Owner	Baseline Date	Expected Date	RAG	Comment
Reports Security	Vikas Ghai	Jul-22	Complete		<ul style="list-style-type: none"> <li>Fix for the report's security (OTBI, Seeded Oracle, Smart View) has been applied to production on 12/09</li> </ul>
Schools Recharges	Simon Ansell	Aug-22	Complete		<ul style="list-style-type: none"> <li>Refresher sessions completed with schools</li> </ul>

\*POPI & Cashiers Scanned Receipts now tracked under Integrations  
 \*Direct Debits & BRS now being managed under AR Resolution Plan

Functional Area		Payroll	
Business Owner	Sara Pitt	Service Team Lead	Sally Plant
Period Summary			
<ul style="list-style-type: none"> <li>Costing defect were reapplied to test environment following the refresh and is being tested</li> <li>Change request related to validation of working hour is in progress with Version1 and new SR open with Oracle</li> <li>Reports progress has been slow, defects related to pension reports have been prioritised for September payroll run.</li> <li>Defect raised on a report to help identify mismatch between grade rate and salary, historical data correction will be done based on this report.</li> <li>MCR discussion initiated - new CR is being drafted by pension team</li> <li>LGPS reporting defects summary is being drafted by pension team</li> </ul>			

Service Now Tickets	
Open Tickets	Aged Ticket (over 2 weeks)
42 (-3) ↓	33 (-2) ↓

Reports		
Awaiting Test	In Testing	Signed off
8	0	2 →

Priority Activity Area	Owner	Baseline Date	Expected Date	RAG	Comment
Salary Synchronisation	Vidya Gurusamy	Jul-22	TBC		Following Oracle's advice, automated change to salary is enabled when grade step is changed. Grade Rate Synchronization process has been tested and passed.
Backdated new starters	John Newell	Jul-22	TBC		Change request in place and awaiting progress from V1

Management intervention required		At risk (over 1 week overdue)		On track (within 1 week tolerance)	Complete	
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Functional Area		Procurement	
Business Owner	Steve Sandercock	Service Team Lead	Sharon O'Reilly
Period Summary			
<ul style="list-style-type: none"> <li>Major incident in AP space which impacted Invoice creation resolved, it was an issue with the standard Oracle functionality, multiple idle sessions created which hindered normal invoice creation – Oracle performing root cause analysis</li> <li>The Request for Change to deliver enhancements to the current Abby scanning solution built and handed over for testing on 20<sup>th</sup> Sep</li> <li>The auto-receipting Requests for Change still under impact assessment– considerable delays from Version1 in delivering these CRs due to technical resource constraints.</li> </ul>			

Service Now Tickets	
Open Tickets	Aged Ticket (over 2 weeks)
81 ( +1 ) ↑	43 (+14) ↑

Reports		
Awaiting test	In Testing	Signed off
0	1	15 ↑

Priority Activity Area	Owner	Baseline Date	Expected Date	RAG	Comment
Notifications (Invoices, GRNs)	Clare D'Agostino	Aug-22	21 <sup>st</sup> Oct 22		<ul style="list-style-type: none"> <li>AP team carrying on fixing the incorrectly matched invoices</li> <li>Working with CPS team to uplift relevant Pos for the Invoices which were paid and cannot be fixed. CPS awaiting details from AP</li> </ul>
Sourcing PaaS Issues	Sharon O'Reilly	Sep-22	31 <sup>st</sup> Oct 22		<ul style="list-style-type: none"> <li>14 tickets raised on SN and Investigation underway by Version1</li> </ul>

Management intervention required		At risk (over 1 week overdue)		On track (within 1 week tolerance)		Complete	
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<b>Functional Area</b>	<b>AR - Direct Debits</b>
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<b>Business Owner</b>	<b>Sara Pitt</b>	<b>Service Team Lead</b>	<b>Clare D'Agostino</b>
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## Period Summary

- Manual DD run for 1-9<sup>th</sup> September meaning the bank file fix is successful. Next manual DD run will be run 27<sup>th</sup> September.
- Delays in data cleansing. Additional resource deployed
- Reduction in the volume of unallocated DDs in backlog. Additional time required to complete remainder
- BRS fixes are pushing back date to automate DDs by 2 weeks

Priority Activity Area	Owner	Baseline Date	Expected Date	RAG	Comment
BRS Rules & Accounting Fixes	Michael Martin/ Carol Brant	23-Sep-22	17-Oct-22		• On-going fixes
BRS Data Handshake for BRS Refresh	Michael Martin/ Carol Brant	30-Sep-22	30-Sep-22		▪ Most missing interfaces recognised and need rescheduling and monitoring
Oracle Data Fixes to enable DD Manual Run	Mark Hibbitt	23-Sep-22	30-Sep-22		▪ 700 coding issues ▪ 2000 invoice transactions
DD Backlog Clearance	Fitzroy Pencil	23-Sep-22	30-Sep-22		▪ 68% volume reduction since mid-Aug ▪ 500 BCC unapplied receipts ▪ A number of pre Oracle SAP issues being investigated
Reconciliation of CivicaPay & BRUM	Fitzroy Pencil	23-Sep-22	30-Sep-22		
Automation of DD Collections	Graham O'Reilly	30-Sep-22	14-Oct-22		▪ WIP, dependant on BRS and data fixes

Management intervention required		At risk (over 1 week overdue)		On track (within 1 week tolerance)	Page 41 of 132	Complete	
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Workstream		Integrations		Lead		Graham O'Reilly
Name	Type	Status	Baseline Date for Automation (6/9)	Expected Date	Reason for slippage & next action	
GL-0018-IN Buttress Recharges	GL File	Manual run	16/09/2022	07/10/2022	Additional updates to COA mappings required Next steps -Awaiting action from Finance. New issues flagged with project and income lines not posting. Nxt Steps- Work with V1 to resolve	
GL-N304-IN Pest Control Schools Recharges	GL File	Automated	06/09/2022	Complete - Automated 06/09/2022		
AP-1021-IN-INV - Click Travel Invoices for BCC	AP Invoice Feeder File Utilities	Automated	09/09/2022	Complete - Automated 14/09/2022		
AP-C012-IN-INV - Click Travel BCT	AP Invoice Feeder File	Automated	09/09/2022	Complete - Automated 14/09/2022		
AP-P001-IN-INV - Pertemps Staffing Agency	AP Invoice Feeder File	Testing Complete (Awaiting push to prod)	16/09/2022	23/09/2022	Blocking fixes applied to prod, awaiting conf from IT&D automated	
AR-N315-IN Stopford Receipts	AR Misc Receipts	Automated	16/09/2022	Complete - Automated 14/09/2022		
GL-0010-IN POPI Recharges	GL File	Fix	16/09/2022	30/09/2022	POPI ((XDP..)) Cost Centres excluded from GL-3006. Working with V1 and Finance to resolve.	
AR-N028-IN BACAS Invoices	AR Transactions	Fix	16/09/2022	30/09/2022	V1 resource reallocated to build ABBY soln.	
AR-N330-IN Scanned Receipts	AR Misc Receipts	Development	16/09/2022	30/09/2022	OIC resource reallocated out to build AR-N017	
AR-N230-OUT Debtors Payments	AR Outbound payms	Testing	23/09/2022	30/09/2022	BRS blocking issue still outstanding	
AR-C023-OUT BCT Direct Debit Payment Collection	AR BACS	Development	30/09/2022	14/10/2022		
AR-N152-OUT BCC Direct Debit Payment Collection	AR BACS	Development	30/09/2022	14/10/2022	Data issues need to be remediated (14k)	
AR-N144-OUT BCC Direct Debit Instruction Service	AR BACS	Development	30/09/2022	15/10/2022	Issues flagged that require fix: 1. Spurious files generated Next Steps: Stop processes and reschedule once fixes below applied 2. Customers with multiple sites generating multiple records. 3. Update required to SAP Customer core ref in SaaS	

Management intervention required		At risk (over 1 week overdue)		On track (within 1 week tolerance)	Page 42 of 132	Complete	
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Workstream		Integrations		Lead		Graham O'Reilly
Name	Type	Status	Baseline Date for Automation (6/9)	Expected Date	Reason for slippage & next action	
AR-N307-OUT Dunning Letter Print	Print Files	Dependency on customised PaaS installment solution	07/10/2022	15/10/2022		
AR-N308-OUT Booklet Print	Print Files	Dependency on customised PaaS installment solution	07/10/2022	15/10/2022		
AR-N075-IN POPI Invoices	AR Transactions	Dependency on POPI Recharge	30/09/2022	30/09/2022		
GL-N087-IN POPI Schools Recharges	GL File	Dependency on POPI Recharge	30/09/2022	30/09/2022		
GL-3017-OUT SIMS	GL Outbound	Testing	Dependent on Schools Finance			
GL-1050-IN Transform Recharges	GL File	Fix	TBC	30/09/2022	Additional updates to COA mappings required	
AR-N017-IN Manhattan Invoices	AR Transactions	Testing	TBC	TBC	Awaiting timelines from business on testing window	

Management intervention required		At risk (over 1 week overdue)		On track (within 1 week tolerance)		Complete	
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# Change Requests (Oct to Dec)

## Issue

- No capacity within V1 to complete additional change requests
- Funding sources for change requests above current agreed items not in place
- No ability to absorb high volume of changes during stabilisation period

## Mitigation

- Change freeze in place for non-statutory changes
- Exceptions for AR, AP and R2R changes with critical business impact or payroll impacting
- Continued delivery of the changes agreed under ELS and any of those currently under IA/development which fit into the categories above
- No new Impact Assessments to be progressed until we review the position at the end of October

## Progress/Next steps

- Prioritised list agreed for 1B delivery (Oct to Dec) on next slide
- Delivery vehicle identified for remainder
- Communication of approach to Business Owners

Delivery Vehicle	Count of Priority
ELS Programme Delivery	5
HR scope for beyond ELS	4
To be added to Roadmap	6
V1 to progress - AP	3
V1 to progress - AR	2
V1 to progress - Payroll Impacting	4
V1 to progress - Statutory	5
V1 to progress - WIP	2
Grand Total	31

## **Resources Overview and Scrutiny Committee**

**6 October 2022**

**Briefing From:** Steve Sandercock, Assistant Director – Procurement

**Briefing For:** Resources Overview and Scrutiny Committee

**Date:** 6 October 2022

**Title:** To update on progress regarding the Procurement and Contract Governance Rules – Birmingham City Council's Constitution – Part D2

### **Purpose:**

- To update Members on the work undertaken on the Council's Procurement and Contract Governance Rules, formerly known as Procurement Governance Arrangements.

### **Background and update**

- Members will be reminded that during Winter 2021/ Spring 2022 Overview and Scrutiny Committee undertook a cross party review of the existing rules (Procurement Governance Arrangements – PGAs) and a list of 22 recommendations were approved for carry forward into the new Procurement and Contract Governance Rules and the accompanying guidance documents.
- A full review of Part D2 of the Council's Constitution has been undertaken and this was approved at Full Council on the 12<sup>th</sup> July 2022.
- In line with the recommendation of the July Cabinet further minor amendments to Part D2 of the Council's Constitution were approved on the 15<sup>th</sup> August 2022 which included sign off around the Waiver Procedure, Breach Procedure and minor amendments to the Rules themselves.
- The updated Part D2 of the Council's Constitution was uploaded to [The City Council's Constitution | Birmingham City Council](#) on the 25<sup>th</sup> August 2022, along with links to the new Waiver and Breach Procedures which were uploaded to [Procurement Procedures](#).
- Communications have been issued to all Senior Managers as to the changes with training sessions for Procurement staff both within CPS and the wider Council Directorates are being rolled out between Sep – Dec 2022. Training for non-procurement staff is being designed to include an e-

learning module which can be used as part of the Council's mandatory training.

- First quarterly reporting on Breaches, Waivers, Emergency Process, and a record of all decisions made by Chief Officers is due from October 2022
- To aid transparency changes have been implemented to the Planned Procurement Activity Report whereby now procurement activity that is deemed a Key Decision is captured as part of the Councils democratic Forward Plan.
- A full review and update of the accompanying guidance documents and templates is being undertaken and is due for completion by the end of November 2022.
- Specific commentary on the 22 recommendations from Overview and Scrutiny Committee is set out below:

No.	Recommendation	Recommendation detail	Update Comments - September 2022
1.	Introduce an Initial Make or Buy decision for pre-Procurement Stages;	<p>Use of in-house Council services, existing contracts (ensure relevant to directorate or corporate contract), or existing public procurement frameworks.</p> <p>To include contracts awarded under the Public Contract Regulations (PCR) 12(1) (formerly referred to as the Teckal exemption) and contracts awarded under PCR 12(7) (e.g. establishing or implementing a public contract with another public sector entity). Must be able to demonstrate Best Value (also covered in clause FR10 of the Constitution).</p> <p>Consideration on how this aligns to the Commissioning Strategy will also be taken. Evidence to be provided in the Pre-Procurement Report and must be proportional to the value of spend.</p>	<p>This has been included in the Council's Constitution as part of the update to the Procurement and Contract Governance Rules.</p> <p>Further guidance and training is being released Sep - Dec 22 including use of the Commissioning and Procurement Gateway to support the Make or Buy process.</p>
2.	Introduce proceed to purchase threshold for under £5,000;	<p>Authorisation to be obtained via the Scheme of Delegation.</p> <p>Recommendation 1 must have been undertaken prior to proceed to</p>	<p>A new threshold of "Proceed to Purchase" has been included in the Council's Constitution as part of the</p>

No.	Recommendation	Recommendation detail	Update Comments - September 2022
		purchase. Must be able to demonstrate Best Value.	update to the Procurement and Contract Governance Rules.
3.	Introduction of new threshold to replace current £10k threshold with £5,000 - £25,000 level;	<p>Preference for three quotations (2 from local suppliers/ Small Medium Enterprises (SMEs) where possible), with a minimum of one quotation (local supplier/ SME where possible).</p> <p>Quotations to be attached to Purchase Order for audit purposes.</p> <p>One quotation will only be excepted where there is demonstratable and justifiable reason for exception to three quotations.</p>	Within the Council's Constitution as part of the update to the Procurement and Contract Governance Rules the threshold has been revised and incorporates the preferences around local suppliers / SMEs.
4.	Increase lower threshold to £25k; or Light Touch Regime (LTR)/ Concessions or Utilities Contract Regulations (UCR16) where applicable);		This threshold has been amended in the new Procurement and Contract Governance Rules including stipulations on minimum number of days for adverts, e.g. minimum of ten working days for submission of quotations
5.	Introduce new uppers thresholds (Works);	<p>£25k to £250k or to relevant PCR15 Threshold (Concessions or UCR16) – for improvement of clarity.</p> <p>Application of procedure in recommendation 4. Threshold in line with current sealing requirements for Works.</p>	This threshold has been amended in the new Procurement and Contract Governance Rules
6.	Over £250k (Works) or (Concessions or UCR16) up to PCR15 Threshold; Application of Light Touch Regime where applicable;	otherwise must follow a formal compliant tender procedure, must be advertised on Find a Tender and contracts finder, contract to be published on Contract Register. Must consult with relevant Head of Category (Procurement) and the Councils' E-tendering system must be used.	This threshold has been amended in the new Procurement and Contract Governance Rules

No.	Recommendation	Recommendation detail	Update Comments - September 2022
7.	PCR15 Threshold (Supplies and Services, Works, Concessions, LTR or UCR16) - £10 million - Maintain current requirements		<p>No further action to have been taken regarding the Council's Constitution.</p> <p>Training being rolled out Sep - Dec 22 including creation of training for non-procurement staff, including an e-learning module for all new starters.</p>
8.	Over £10 million – Maintain current requirements		<p>No further action to have been taken regarding the Council's Constitution.</p> <p>Training being rolled out Sep - Dec 22 including creation of training for non-procurement staff, including an e-learning module for all new starters.</p>
9.	Remove clause 2.3 v. under exemptions within the Constitution	<p>Clause 2.3 - "Exemption from any Standing Order may be authorised by the Decision Maker PROVIDED THAT the Decision Maker is satisfied that the exemption is justified by special circumstances and the Decision Maker records in writing the ground(s) for being so satisfied as part of that decision."</p>	<p>Removed from the Council's Constitution with improved clarity on Emergency Process and incorporation of the Waiver procedure.</p>



No.	Recommendation	Recommendation detail	Update Comments - September 2022
10.	Introduce a clear list of Out of Scope scenarios;	<p>Following scenarios to be included:</p> <ul style="list-style-type: none"> <li>• A contract for or on behalf of a school with a delegated budget, where the contract has been procured in accordance with the school's own formal procurement and contractual rules; governed by Schools financial procedures manual.</li> <li>• Contracts regarding the purchase or lease of property, acquisition, disposal, transfer of land, or any interest in land which includes licenses; governed by the Head of Property Law.</li> <li>• Legal charges, awards and disbursements (including all associated costs and fees) in connection with any and all legal proceedings; governed by Civil Procedure Rules.</li> <li>• Offers of employment which makes an individual an employee of the Council. Governed by the Employment Rights Act 1996. For further clarity - If BCC put out a contract for services and that person was self-employed and won the tender, it would still be a contract for services rather than a contract of employment. If however authority has been granted to recruit a perm / interim / consultant etc then, for the latter, the commissioning gateway process would need to be followed and it might be helpful to include a reference to that to ensure compliance with the process.</li> <li>• Insurance claim compensation.</li> </ul>	Out of Scope section has been included in the Council's Constitution and will be covered in the training provided Sep - Dec.

No.	Recommendation	Recommendation detail	Update Comments - September 2022
11.	Introduce a clear list of Waivers;		<p>Waiver Procedure included in the Council's Constitution and available to download from <a href="http://birmingham.gov.uk">birmingham.gov.uk</a> pages.</p> <p>Training included on the Waiver Procedure during training sessions Sep - Dec. Flow charts being produced as to approval routes and how this links with the Negotiated Procedure in some instances.</p>
12.	Strengthen clarity of when Single Contractor Negotiations (SCNs) / Multiple Contractor Negotiations (MCNs) should be applied;		<p>SCNs/ MCNs have been replaced by the Negotiated Procedure which provides greater clarity on when a Negotiated Procedure can be applied.</p> <p>This has been included within the updated to the Procurement and Contract Governance Rules.</p> <p>Training on Negotiated Procedures is included in training sessions Sep - Dec and flow charts are being produced to show authorisation levels and how this interlinks with the Waiver Procedure in some instances.</p>

No.	Recommendation	Recommendation detail	Update Comments - September 2022
13.	Incorporate a clear Breach Procedure;	<p>proposed principles being:</p> <p>• Any exemption sought after contract award has been completed will be classed as a breach with initial referral to the Head of Category to undertake initial investigation. The investigation will consider intent, the individual circumstances and the impact of the alleged breach.</p> <p>• Investigations and actions taken will be proportionate to the nature and risk the breach poses to the Council.</p> <p>• Where the Head of Category upholds the breach, the matter will be referred to the Assistant Director - Procurement, to agree the appropriate course of action. Where required the Breach will be referred to the relevant Assistant Director within the service area to take the appropriate action, this may include the Council's Disciplinary and Capability Procedure or service sanctions where appropriate e.g. repeated and wilful breaches.</p> <p>• Report on the number of breaches raised to be sent to Cabinet on a quarterly basis.</p>	<p>Breach Procedure has been created and specific reference made within the updated to the Procurement and Contract Governance Rules.</p> <p>A copy of the Breach Procedure is available to download from the <a href="http://birmingham.gov.uk">birmingham.gov.uk</a> pages.</p> <p>Breach Procedure is covered within the training sessions being provided Sep - Dec.</p>
14.	Improve clarity of actions to be taken in case of emergency;	Consideration given to the Emergency Plan, Business Continuity Plan and the Proposed New Contract Regulations.	Emergency Process section has been included in the Council's Constitution.
15.	Align authorisations for sign off in line with Scheme of Delegation;	<p>following principles to be included:</p> <p>• Scheme of Delegation to cover entire contract life including all potential extensions</p>	Authorisation levels within the Council's Constitution Part D2 have been aligned to the Scheme of Delegations in the Council's Constitution Part E.

No.	Recommendation	Recommendation detail	Update Comments - September 2022
16.	Contract Extension rules to be updated during document update;	<p>Following principles to be included:</p> <ul style="list-style-type: none"> <li>• Extensions to be signed off under Scheme of Delegation – where there is an existing option to extend.</li> <li>• Expired Contract End Date – commence new procurement in line with Procurement Governance Arrangements.</li> <li>• SCNs/MCNs are not to be used to extend contracts. Constitution Part D - Clauses 2.1 i. and vii.; to be reinforced during training.</li> <li>• Contract duration (plus any extensions) should be appropriate to the market for the contract – where practical use short extensions to create breaks for review (i.e. 2+1+1 instead of 2+2).</li> </ul>	<p>Contract Extensions and Modifications section has been included within the Council's Constitution.</p> <p>Training on extensions is included within the training sessions (Sep - Dec) and further ad-hoc advice being issued where required.</p> <p>Contract extension section to also be included in 'How To Guide - Procurement' which is an internal supporting guidance document.</p>
17.	Contract Management rules to be updated during document update;	<p>following principles to be included:</p> <ul style="list-style-type: none"> <li>• Clear identification of Contract Manager for each contract whether Corporate or Directorate contract.</li> <li>• Contract Management and Social Value training to be given</li> <li>• Suite of templates for contract managers</li> </ul>	<p>Guidance documentation and suite of templates update is underway and due to be completed by the end of November 2022.</p> <p>Contract Management and Social Value training is being designed and will be rolled out to all staff.</p> <p>Contract manager details being updated on Oracle which will enable a spreadsheet of contract manager contact details to be produced moving forward.</p>
18.	Contract Variations procedure to be updated during document update;		<p>Contract Modifications section added to the Council's Constitution and will be covered in guidance documents such as the 'How To Guide - Procurement'.</p>

No.	Recommendation	Recommendation detail	Update Comments - September 2022
19.	PPAR (Planned Procurement Activities Report) to be advertised on internet;	Opportunity for suppliers to review and allocate resource to upcoming tenders. This will increase opportunities for SMEs that do not have bid teams.	Website re-design underway, PPAR for upcoming three months to be published on the internet for suppliers to view, updated monthly. Date of publication start TBC.
20.	Expiring contracts report to be sent to Directorates and Scrutiny (monthly/ quarterly);	Report to directorates and scrutiny monthly/ quarterly highlighting contracts due to expire within the upcoming 12 months; enabling the commissioning process to commence and procurement activities to be included in Procurement Workplan for allocation of resource. Oracle will automate this.	Contract buyers on Oracle receive notification of contracts due to expire based on contract trigger dates on the Oracle system. Contracts due to expire will also be addressed at directorate meetings when compliance reports are presented.
21.	Clear clause in tender documents and quotations to highlight Route to Zero;		Templates are being updated and clauses will be sent to all Procurement Officers for inclusion in the documents where relevant to the contract.
22.	Open Audit recommendations to be addressed in the update of documentation.	<p>The Council's rules for extending contracts need to be made clearer in both Standing Orders and Operation of Procurement Governance Arrangements. In particular, there needs to be clarity and consistency regarding:</p> <ul style="list-style-type: none"> <li>• which type of report template to use;</li> <li>• authorising officer(s);</li> <li>• under what circumstances a SCN as opposed to Contract Extension Report should be used;</li> <li>• under what circumstances a combined SCN and Delegated Award Report may be used.</li> </ul>	Tables of processes and authorisation levels have been included in the Council's Constitution. Guidance documentation and suite of templates update is underway and due to be completed by the end of November 2022. Flow charts being produced to show routes of procurement, including documentation to be used and authorisation to be obtained at each stage of the process. Training sessions being delivered Sep - Dec.

## **Options considered and Recommended Proposal**

Members can either accept the proposed work carried out as being suitable and sufficient or seek additional insight and assurance on progress being made.

## **Appendices**

Appendix 1 – Cabinet Report – Full Council (12 July 2022)

Appendix 2 – Procurement and Contract Governance Rules

[https://www.birmingham.gov.uk/downloads/file/13655/part\\_d\\_constitution](https://www.birmingham.gov.uk/downloads/file/13655/part_d_constitution)

Background reference document (available on request) - Resources Overview and Scrutiny Committee - 24 March 2022 - Task and Finish Group on Procurement Governance Arrangements

## **Contact details:**

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Public

**Birmingham City Council****Report to Full Council**

12 July 2022



**Subject:** Proposed changes to the Council's Procurement and Contract Governance Rules

**Report of:** Rebecca Hellard, Strategic Director of Council Management

**Relevant Cabinet Member:** Councillor Mosquito, Cabinet Member for Finance and Resources

**Relevant O&S Chair(s):** Councillor Ahmed, Chair of Resources OSC

**Report author:** Steve Sandercock, Assistant Director of Procurement

Does the report contain confidential or exempt information? ☐ Yes ☒ No

If relevant, provide exempt information paragraph number or reason if confidential:

**Not applicable**

## 1 Executive Summary

- 1.1 This report seeks consideration of changes to the Council's Procurement and Contract Governance Rules and recommendation for approval by Full Council.
- 1.2 Members are reminded that the Procurement and Contract Governance Rules establishes how the Council procures, enters and manages contract with third party suppliers. In addition, the rules form part of the formal constitution of the Council and are otherwise referenced as the Council's Contract Standing Orders.

A summary of key changes are:

	<b>Old Procurement Governance Arrangements (PGA)</b>	<b>New Procurement and Contract Governance Rules</b>
<b>Layout/ Structure</b>	Old rules known as Procurement Governance Arrangements	Change of name to Procurement and Contract Governance Rules
		Structure changed to aid and improve flow and readability of the document

	Current PGA layout does not clearly set out processes to be followed	Improved clarity on Thresholds and processes to be followed (Table 1) and Authorisations (Table 2)
<b>Content</b>	Currently references Public Procurement Legislation (Public Contract Regulations 2015) e.g. procedures like Competitive Dialogue and DPS which are no longer part of plans under the new Regulations	Removal of all reference to current Public Procurement Legislation (e.g. Public Contract Regulations 2015) and procedures as these are changing in the new drafts.  Terminology in the new Rules has been future proofed.
	Currently no clear process on what happens if the PGAs have not been followed as set out	Inclusion of a Breach procedure if Rules not deemed to be followed
	Reference to Single Contract Negotiations (SCN)/ Multiple Contract Negotiations (MCN)	Amalgamation of SCN/ MCNs to a Negotiated Procedure with clearer reference as to what is included and when it can be applied
	No clear process in current rules to waive the arrangements, when or how permitted	Inclusion of a Waiver procedure which will set out circumstances when a valid request to waive the process as set out in the Rules is sought
	No clear process in current rules for scenarios that may be 'Out of Scope' of the rules	Inclusion of clearer details on what is 'Out of Scope' (and the Rules do not apply) e.g. Transactions regarding the purchase or lease of property, acquisition, disposal, transfer of land, or any interest in land which includes licenses.
<b>Content</b>	Current PGAs are ambiguous on the process to be followed in respect of emergency arrangements	Inclusion of Emergency Process and setting out of when the Rules can be set aside on grounds of an emergency
	Current threshold of up to £10k requires 3 quotations	Revision of thresholds – in particular <ul style="list-style-type: none"> <li>Up to £5k – proceed to purchase</li> <li>£5k to £25k – Quotation / tender from 3 suppliers (2 local/SME) as a preferred</li> </ul>
		Improved clarity on the “make or buy” consideration ahead of any consideration around running a new procurement process
	Current PGAs are ambiguous on respective roles	Improved clarity on roles and responsibilities of those involved in the process (Table A)



## **2 Recommendations**

- 2.1 That the changes presented in the updated Procurement and Contract Governance Rules (Appendix 1) be approved as part the new Contract Standing Orders for the Council and incorporated into the Council's Constitution.
- 2.2 That delegate authority be granted to the Section 151 Officer and Monitoring Officer to agree any final minor changes and edits to the Contract Standing Orders and supporting procedural notes in conjunction with the Cabinet Member for Finance and Resources.

## **3 Background**

- 3.1 The Council need to have a set of clearly understood rules for procurement and contract activity which ultimately form the Contract Standing Orders for the Council and are part of the Council's Constitution.
- 3.2 The current rules (known as Procurement Governance Arrangements) have been subject to a thorough review undertaken during winter 2021 / spring 2022 with Overview and Scrutiny Committee.
- 3.3 Through that review of Overview and Scrutiny Committee a number of recommendations were made, and these have been updated and incorporated into the new Procurement and Contract Governance Rules presented with this report.
- 3.4 The proposed revisions to the rules will affect both Officers across the Council in how they tender and contract manage contractual arrangements and also suppliers who either currently or those who seek to provide supplies, services or works to the Council.
- 3.5 The supporting procedural notes referenced in the updated rules are not referred to Full Council as they are primarily technical guidance and supporting the principles as set out in the new rules.

## **4 Options considered and Recommended Proposal**

- 4.1 As noted, this report provides outcomes from the overall review and is further informed by consultation with a range of key stakeholders, both internally and externally. Changes are required and as such "no change" is not an option, the options available to members are:
  - i. To approve the Procurement and Contract Governance Rules as submitted with this report for incorporation into the Council's Constitution (the recommended option)
  - ii. To recommend revisions to the proposed Procurement and Contract Governance Rules
- 4.2 Either option is appropriate, but any amendments would need to be compliant with the current (and proposed) legislative framework and operationally appropriate for the Council.

## **5 Consultation**

5.1 In addition to the engaged work with Overview and Scrutiny there has been extensive consultation during the development of the updated rules, this including:

- i. Supplier survey
- ii. Internal survey with officers
- iii. Diverse Allies Network
- iv. Feedback sought from Extended Corporate Leadership Team
- v. Direct input from Legal Services, Finance and Audit
- vi. The Council's group of Companies, Birmingham Children's Trust and Acivico
- vii. External partners including Birmingham Chamber of Commerce

## **6 Risk Management**

6.1 The principle risks of not adopting the proposed changes can be summarised as:

- i. Inability for the Council to be more commercial in approach
- ii. Missed opportunity to make the current process more streamlined and proportional
- iii. Risk that current Procurement Governance Arrangements will not be fit for purpose when new legislative changes are made in Spring 2023

## **7 Compliance Issues:**

**7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?**

7.1.1 In respect of the Corporate Plan having an effective, proportional and fit for purpose Contract Standing Order will help support the development of successful value for money, well considered and commissioned supplies, services and works, and a well enabled supply chain including how the Council engages with local and Small Medium Enterprises.

7.1.2 The intention of the changes proposed will have a positive contribution to support the themes of Bold Prosperous Birmingham and Bold Inclusive Birmingham through streamlining of process and opportunities for local / Small Medium Enterprises through our tendering arrangements.

## **7.2 Legal Implications**

7.2.1 Section 135 of the Local Government Act 1972 requires the Council to make standing orders with respect to contracts for the supply of goods or services or for the execution of works which provide for securing competition and regulation of the manner in which tenders are invited.

### **7.3 Financial Implications**

- 7.3.1 Any cashable savings generated as a result of procurement exercises are to the delivery of procurement related savings and be removed from Directorate where identified in addition to the existing service area savings target as set out in the MTFP.

### **7.4 Procurement Implications (if required)**

- 7.4.1 The subject of this report sets the fundamental principles for how the Council undertakes procurement and contract management arrangements. It is a legal requirement for the Council to have formal Contract Standing Orders, which is what is proposed with the report.
- 7.4.2 The Contract Standing Orders are required to work alongside the legislative public sector procurement Regulations and the review has taken this into account.

### **7.5 Human Resources Implications (if required)**

- 7.5.1 There are no Human Resources implications to this report

### **7.6 Public Sector Equality Duty**

- 7.6.1 There are no equality implications arising directly from the recommendations set out in the report.

## **8 Background Documents**

- 8.1 Overview and Scrutiny Committee Report titled "Task and Finish Group on Procurement Governance Arrangements" – dated 24 March 2022
- 8.2 Procurement and Contract Governance Rules - Appendix 1





# Birmingham City Council Constitution

## Part D – Finance, Procurement and Contract Governance Rules

August 2022



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## **D1. FINANCIAL REGULATIONS**

### **1.1 Financial Regulations**

- i. Financial Regulations set out the key rules for the management of the Council's Finances that must be observed by all employees and Members and anyone acting for the Council in a consultancy or interim capacity.
  - ii. These Financial Regulations link closely to the Financial Arrangements that set out the responsibilities of Members, The Chief Finance Officer and Directors to ensure compliance with these regulations.
- FR1. All employees and all Members must at all times when engaged on Council activities act in the interests of the Council as a whole.
- FR2. All employees and all Members must adopt the highest standards of financial probity, including declaring all relevant financial interests to the Monitoring Officer or their Director as appropriate.
- FR3. All employees and all Members have a duty to report any unlawful or potentially unlawful spending or financial irregularity at the earliest opportunity.
- FR4. All employees and all Members must comply with the Financial Approval Framework which sets out the parameters for making financial decisions (Appendix A).
- FR5. The Council appoints a Chief Finance Officer under S151 of the Local Government Act 1972, who is responsible for the proper administration of the City Council's Financial Affairs.
- FR6. All employees and all Members must comply at all times with Financial Regulations and the associated Financial Regulatory Framework established and maintained by the S151 Officer, including: -
- a) Financial Regulations
  - b) Financial Governance Framework
  - c) Financial Procedures
  - d) Financial Management Tool "My Finance"
- FR7. All employees and all Members must act reasonably and within the spirit of the financial regulatory framework.
- FR8. Financial Regulations and the Financial Governance Framework will be reviewed annually by the Chief Finance Officer and approved by Council. The Chief Finance Officer is responsible for setting Financial Procedures and the Financial Management Tool "My Finance" and ensuring that these remain up to date.
- FR9. All activities must be in accordance with:
- a) Legislation.
  - b) Approved Council strategies.



- c) Approved revenue budgets and capital programmes.
  - d) Relevant Council policies.
  - e) All appropriate professional codes of practice (e.g. CIPFA codes).
- FR10. Best value and value for money must be sought in all activities, including the procurement and commissioning of goods and services and the acquisition and disposal of assets.
- FR11. All employees and all Members have a duty to maintain the security of Council assets and computer systems that contain financial, commercial, and personal information.
- FR12. All managers have a duty to identify, assess and mitigate existing and emerging risks facing the Council and ensure that there are appropriate insurance arrangements in place to manage those unmitigated risks.
- FR13. The Council, assisted by the Cabinet, will maintain financial oversight of all financial activities in line with the Financial Accountability Framework supported by the Chief Finance Officer, who delivers appropriate transparency and reporting on the delivery of this framework.
- FR14. The Council will appoint an Audit Committee to keep under review its risk management and internal control processes and advise it on any changes that need to be made to strengthen governance arrangements.
- FR15. The Chief Finance Officer will fulfil their statutory responsibility in line with the Chief Finance Officer Protocol at Appendix B to ensure there are appropriate and adequate systems and procedures within the Council to:
- a) Ensure that financial plans are realistic and affordable.
  - b) Report to the Council if they consider that it no longer has sufficient resources to deliver its financial plans (S114 report).
  - c) Account for all income and expenditure.
  - d) Protect assets from loss, waste, theft, or fraud.
- FR16. The Chief Finance Officer, or their representative, has the right to be present and give appropriate advice, at all meetings, where the Council's financial arrangements are discussed.
- FR17. Directors, under the Financial Accountability Framework are responsible for the control and management of all resources of all kinds, including capital and revenue budgets made available to them and must ensure that they and all of their staff comply with all relevant financial guidance and controls in managing those resources.
- FR18. Directors must provide an annual assurance statement to the Chief Finance Officer, in the format prescribed by the Chief Finance Officer, to confirm that their Directorate has complied with Financial Regulations and Financial Procedure rules. This will set out clearly how they have gained this assurance.

- FR19 All references within this document to employees include consultants or anyone acting on a temporary or interim basis for the Council.
- FR20 These regulations also apply to all Council bodies, trading bodies or associated organisations unless the Chief Finance Officer specifically agrees that other arrangements will be followed. The Financial Regulations exclude schools for which separate regulations apply.
- FR21 Failure to comply with Financial Regulations, or instructions issued under them, may constitute misconduct.

## **1.2 Financial Accountability Arrangements to Deliver Sound Financial Management**

- i. Financial Accountability Arrangements set out the role of Members, the Chief Finance Officer and Directors in delivering sound financial management across the Council.

### **THE ROLE OF MEMBERS**

- ii. The [Constitution](#) sets out the specific roles of Council and Cabinet and the extent to which Cabinet will fulfil the roles set out below.

### **FA1 Financial Planning & Control**

The Council sets the spending plans for Birmingham City Council on an annual basis, advised by the S151 Officer, to conform with all necessary legislation and will: -

- (i) approve the Annual Financial Plan (including the revenue and capital budget) for each financial year before the preceding 10 March.
  - a. Medium Term Financial Plan
  - b. Reserves Strategy and Policy
  - c. Charging Policy and associated fees & charges
  - d. Capital Strategy and associated five-year capital programme
  - e. Treasury Management Strategy
- (ii) approve the level of Council Tax in accordance with the Local Government Finance Act 1992.

### **FA2 Financial Management**

The Council or Cabinet will approve significant in-year variations to the Revenue Budget or the Capital Programme, in line with the agreed thresholds set out in Annex A. This includes:

- (i) Virement of significant sums of money between budget headings.
- (ii) Substantial new additional spending not included within revenue budget plans.
- (iii) Significant variations to the Capital Programme.
- (iv) The creation or unplanned use of reserves not included within the approved Revenue Budget or Capital Programme.
- (v) The carry-forward of unspent revenue or capital budgets at the year end.

**FA3 Financial Assurance and Oversight**

The Council gains assurance that its financial plans are being delivered effectively and within available resources by:

- (i) Quarterly Monitoring Reports on the Revenue Budget and Capital Programme.
- (ii) Half-yearly reports on the implementation of the Treasury Management Strategy.
- (iii) The out-turn report.
- (iv) The Annual Statement of Accounts, including the Annual Governance Statement.
- (v) The Annual report of the Audit Committee.

**FA4 Financial Governance**

The Council will appoint an Audit Committee to oversee financial governance

- (i) The Audit Committee agrees the annual audit plan and internal audit protocol.
- (ii) The Assistant Director Internal Audit & Risk Management reports to the Audit Committee on at least a quarterly basis on the implementation of the Audit Plan and key recommendations.
- (iii) The Audit Committee approves the Annual Governance Statement, prior to sign off and receives the report of the External Auditor on their audit of the City Council's accounts.

**FA5 Core Strategies that support Sound Financial Management**

The Council agrees core strategies that support Sound Financial Management including:

- (i) Anti-Fraud & Corruption Strategy.
- (ii) Anti - Money Laundering Policy.
- (iii) Whistle-blowing Strategy.
- (iv) Risk Management Strategy.
- (v) Insurance Strategy.
- (vi) Contracts and Procurement Regulations.

**FA6 Delivery and adherence to Core Strategies**

The Council monitors the delivery and adherence to core strategies by receiving reports on at least an annual basis on their implementation.

**THE CHIEF FINANCE OFFICER (\$151 Officer)**

- iii. The Chief Finance Officer has a statutory responsibility for the proper administration of the Council's financial affairs. CIPFA, the public sector professional finance body have set out five principles that define core activities and behaviours that belong to the role of the Chief Finance Officer:
  - a. The Chief Finance Officer should be a key member of the Leadership Team, helping the organisation to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest.

- b. The Chief Finance Officer must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and aligned with the organisation's financial strategy.
- c. The Chief Finance Officer must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.
- d. To deliver these responsibilities the Chief Finance Officer must lead and direct a finance function that is resourced to be fit for purpose; and
- e. The Chief Finance Officer must be professionally qualified and suitably experienced.

**FB1 Financial Planning**

- (i) Advising on the completeness of financial estimates.
- (ii) Assessing the robustness of reserves to support the revenue budget.
- (iii) Preparing a reserves strategy to support the revenue budget and capital programme.
- (iv) Preparing and keeping under review a medium-term financial plan.
- (v) Ensuring that the financial implications of the Capital Strategy and Capital Programme are affordable as measured by Prudential Indicators.
- (vi) Preparing an annual Treasury Management Strategy.
- (vii) Ensuring that all Council tax calculations accord with statutory requirements.

**FB2 Financial Management & Control**

- (i) Overseeing the delivery of the budget and capital programme within the parameters set by the Council.
- (ii) Establishing processes to ensure that any spending or virement that exceeds the set parameters is brought to the appropriate Cabinet/Council for decision.
- (iii) Establishing processes to prioritise capital and revenue spending against key Council aims and objectives.
- (iv) Establishing a business case process for capital and revenue funding bids.
- (v) Establishing a gateway process for all new capital schemes to ensure that they align with core council aims and objectives and its capital strategy.
- (vi) Advising, developing, and leading on plans to achieve a balanced budget and manage projected medium-term budget deficits.

**FB3 Financial Oversight**

- (i) Preparing at a minimum *quarterly* monitoring reports on the revenue budget and capital programme, including an update on the medium-term financial plan on a half yearly basis.
- (ii) Bringing to the prompt attention of Members any significant overspending or potentially unlawful spending.
- (iii) Preparing a half-yearly report on the implementation of the Treasury Management Strategy.

- (iv) Preparing annual accounts, including the Annual Governance Statement in accordance with all necessary statutory requirements, and within statutory timescales.

**FB4 Financial Governance**

- (i) Ensuring an appropriate system of internal control exists throughout the Council including issuing financial procedure rules and the “My Finance” financial management toolkit to make all officers aware of their responsibilities regarding sound financial management.
- (ii) Ensuring that appropriate arrangements are in place to deliver an effective internal audit service in line with the Accounts and Audit (England) Regulations 2015.
- (iii) Making appropriate arrangements for external audit in line with Local Audit & Accountability Act.
- (iv) Ensuring open and unfettered access for internal and external auditors throughout the Council.

**FB5 Core Strategies that Support the Budget**

- (i) In consultation with the Assistant Director (Internal Audit & Risk Management) preparing and keeping under review an Anti-Fraud and corruption strategy.
- (ii) Ensuring that the Risk Management Strategy highlights the financial impact of all risks facing the Council and this informs financial plans.
- (iii) Preparing an Insurance Strategy .
- (iv) Ensuring that contracts and procurement guidelines are followed in the ordering and procurement of goods and services.

**FB6 Delivery and Adherence to Core Strategies**

- (i) Preparing an annual report on the delivery of the Anti-fraud and corruption strategy
- (ii) Reporting on at least a half-yearly basis to the Audit Committee on the risk management strategy and key risks facing the Council.
- (iii) Preparing an annual report on the implementation of the insurance strategy.
- (iv) Annual report on contracts awarded and tender waivers.
- (v) Reporting annually on the operation of the Anti-Money Laundering Policy.

**ROLE OF DIRECTORS**

- iv. For the purposes of these regulations this means the Chief Executive, Monitoring Officer and All Directors of Birmingham City Council, together with the Chief Executive and Directors of other associated organisations, who adopt the financial regulations of Birmingham City Council. Directors have prime responsibility for their budgets and ultimate responsibility for the financial management of all resources allocated to them.

**FC1 Financial Planning & Control**

- (i) Ensuring that the Chief Finance Officer is aware of new service and financial pressures that impact on the medium-term financial plan.
- (ii) Preparing financial estimates in accordance with financial guidance.

- (iii) Ensuring that proper and legal budgets have been set that accord with the overall Council budget.
- (iv) Maintaining and collecting sufficient performance information to assess the financial impact of changing demand for the service.
- (v) Preparing Equality Impact Needs Assessments for their areas of responsibility and for any proposals for major change, in a format specified by the Cohesion and Partnerships Manager.
- (vi) Preparing plans and strategies that support the Capital Strategy, including the IT and Digital strategy, Asset Management Plan, Estates Strategy.

**FC2 Financial Management**

- (i) Ensuring that net expenditure (revenue and capital) in their areas of responsibility does not exceed the annual budgets set for their services and projects.
- (ii) Ensuring that each budget has a designated budget holder and that each capital project has a designated project manager.
- (iii) Ensuring that monitoring and forecasting of in-year spending is realistic and accurately reflects current and future demand and commitments for the service.
- (iv) Complying with all financial guidance concerning the preparation of business cases and the gateway process.
- (v) Ensuring that the financial implications of key decisions are included within any report seeking additional in-year revenue or capital funding.
- (vi) Complying with all financial limits concerning the virement of budgets or the in-year approval of new capital and revenue spending.
- (vii) Developing and implementing plans to contribute to a balanced budget as part of the overall budget management strategy lead by the Chief Finance Officer.
- (viii) Ensuring the identification, reconciliation, recording and security of all income due/received.
- (ix) Ensuring the security, custody, and management of all assets.

**FC3 Financial Oversight**

- (i) Ensuring that all expenditure is lawful (intra vires), has been properly authorised and all necessary processes have been complied with.
- (ii) Ensuring there are adequate controls and procedures in operation within their department.
- (iii) Each Director must report to the Monitoring Officer and the Chief Finance Officer where there is doubt over the legality of proposed, or already incurred, expenditure and or actions.
- (iv) Complying with all financial procedures and requirements to maintain accurate and comprehensive financial records.
- (v) Observing all year end processes and timetables to prepare financial information to be consolidated within the Council's statement of accounts, including robust and evidence-based forecasting of spend as part of the closedown process.

**FC4 Financial Governance**

- (i) Co-operating and engaging effectively with their Finance Business Partner to ensure that the Business Partner is involved in all key financial decisions affecting their directorate.
- (ii) Ensuring they have appropriate organisational structures in place to achieve effective financial administration in the fulfilment of their service responsibilities and to comply with the financial regulatory environment.
- (iii) Ensuring they have effective financial systems, processes and procedures in place that meet the requirement of the Chief Finance Officer.
- (iv) Ensuring that all of their employees receive up to date financial and systems training to properly perform their duties.
- (v) Providing open and unfettered access to internal and external auditors.
- (vi) Implementing agreed internal audit recommendations within agreed timescales.

**FC5 Core Strategies that Support the Budget**

- (i) Ensuring that designated risk owners are appointed for all risks identified and managed within their directorate.
- (ii) *Ensuring that appropriate insurance is arranged in line with the Insurance strategy.*
- (iii) Preparing and keeping under review the Whistle Blowing Policy (Monitoring Officer).

**FC6 Delivery and Adherence to Core Strategies**

- (i) Directors will maintain appropriate systems to enable the Chief Finance Officer to collect information on the adherence to core strategies.

**Appendix A: Financial Approval Framework**

CFO – Chief Finance Officer

		Within Director Delegations ( <a href="#">note 1</a> )	Above Director Delegation & below Key Decision	Key Decision
		Below £200,000	£200,000 – up to £500,000	£500,000 (revenue)
<b>1.</b>	<b>Revenue Budget and Resources Approvals</b>			
1.1	Allocation of corporate revenue budgets	CFO (in consultation with the Chief Exec and Leader if £100,000 or more)	Cabinet	Cabinet
1.2	Allocation of general revenue Policy Contingency			
1.3	Virement or reallocation of revenue budgets between Directorates			
1.4	Virement or reallocation of revenue budgets held by Directorates.	Relevant Director	Either relevant Cabinet Member or Regulatory Committee	Cabinet
1.5a	Approval to bid for external revenue resources (including any associated Accountable Body Roles) to be included in an Outline Business Case Report.	Relevant Director with CFO	Either relevant Cabinet Member with CFO, or Regulatory Committee	Either relevant Cabinet Member with CFO, or Regulatory Committee
1.5b 1.6	Approval to accept external revenue resources (including any associated Accountable Body Roles)  Approval to incur expenditure funded by accepting external revenue resources (including any associated Accountable Body roles) including where 1.5 is not applicable (e.g. where no bid submission was required). (Specific Government Grants and similar funding are excluded from this and are covered by 1.8) <i>In consultation with the ward members (where applicable)</i>	Relevant Director with CFO	Either relevant Cabinet Member with CFO, or Regulatory Committee	Cabinet



1.7	Technical revenue budget reallocations or adjustments (e.g. resulting from reorganisation) (note 3)	Chief Finance Officer	Chief Finance Officer	Chief Finance Officer
1.8	Allocations of Revenue Grant and Ring-Fenced related reserves – resulting expenditure is approved if it is in accordance with the grant conditions or ring-fenced related reserve purpose			
1.9	Allocation of specific revenue Policy Contingency in line with the approved Financial Plan and Budget – resulting expenditure is approved if it is in accordance with the specific policy contingency purpose			
1.10	Allocation of specific revenue Policy Contingency not in line with approved Financial Plan and Budget – resulting expenditure is approved if it is in accordance with the specific policy contingency purpose	Cabinet	Cabinet	Cabinet
1.11	Allocation of General Reserves and Balances, and Earmarked Reserves			
1.12	Creation of Reserves			

CFO – Chief Finance Officer

		Within Director Delegations ( <a href="#">note 1</a> )	Above Director Delegation & below Key Decision	Key Decision
		Below £200,000	£200,000 up to £1m	from £1m
<b>2.</b>	<b>Capital Budget and Resources Approvals</b>			
2.1	Approval to changes to the capital budget, subject to limitations and policies in the Council's Financial Plan. This includes increases funded from capital receipts; revenue budgets; the capital fund; specific resources ( <a href="#">note 5</a> ); or prudential borrowing - provided the borrowing costs can be funded from additional income, redirection of ongoing revenue budgets, or treasury management budgets for borrowing costs.	Chief Finance Officer	Cabinet	Cabinet
2.2	Allocation of Capital Policy Contingency.			

CFO – Chief Finance Officer		Within Director Delegations ( <a href="#">note 1</a> )	Above Director Delegation & below Key Decision	Key Decision
		Below £200,000	£200,000 up to £1m	from £1m
2.3	Virement or reallocation of capital budgets from one project or programme to another (including use of underspends) (note 6).	Chief Finance Officer	Cabinet	Cabinet
2.4	Allocation of a budget to fund overspends.			
2.5	Resource allocations in kind, e.g. asset swaps, appropriations between HRA and General Fund, and discounted asset sales.			
2.6	Allocation of approved general programme capital budgets to individual projects within the existing policy framework.	Relevant Director	Either relevant Cabinet Member with relevant Director, or Regulatory Committee, CFO	Either relevant Cabinet Member with relevant Director, or Regulatory Committee
2.7a	Approval to bid for external capital resources (including any associated Accountable Body roles) – this should be sought as part of an Outline Business Case Report.	Relevant Director jointly with the CFO	Either relevant Cabinet Member with relevant Director and CFO, or Regulatory Committee	Either relevant Cabinet Member with relevant Director and CFO, or Regulatory Committee
2.7b	Approval to accept external capital resources (including any associated Accountable Body roles) – this should be sought as part of an Outline Business Case Report.	Relevant Director jointly with the CFO	Either relevant Cabinet Member with relevant Director and CFO, or Regulatory Committee	Cabinet
2.8	Approval to incur expenditure funded by accepting external capital resources (including any associated Accountable Body roles) where 2.7 is not applicable (e.g. where no bid submission was required).	Relevant Director jointly with the CFO	Either relevant Cabinet Member with relevant Director and CFO, or Regulatory Committee	Cabinet
2.9	Technical capital budget reallocations or adjustments (e.g. resulting from reorganisation) ( <a href="#">note 3</a> ).	Chief Finance Officer	Chief Finance Officer	Chief Finance Officer

CFO – Chief Finance Officer		<b>Within Director Delegations (<a href="#">note 1</a>)</b>	<b>Above Director Delegation &amp; below Key Decision</b>	<b>Key Decision</b>
		<b>Below £200,000</b>	<b>£200,000 – below £500,000 (Revenue)/up to £1m (Capital)</b>	<b>£500,000 (revenue) / from £1m+ (capital)</b>
<b>3.</b>	<b>“Gateway” Business Case Approvals</b>			
3.1	Outline Business Case and Full Business Case reports based on estimated whole project cost ( <a href="#">note 2</a> ). (Discretion to Chief Finance Officer to vary Business Case requirements according to circumstances).	Relevant Director (reporting formats to be determined locally)	Either relevant Cabinet Member or Regulatory Committee;	Cabinet
3.2	Post Implementation Review reports where required.			
3.3	Contract Strategy and Contract Award.	Approvals are set out in the <a href="#">Procurement Governance Arrangements</a> in the Constitution		
3.4	Capital Project and Programme overspends compared to the originally approved Full Business Case value.	Amount of overspend to be approved in a revised Full Business Case by the relevant decision maker in line with resource thresholds in 3.1 above. Any additional budget must be approved under 2.4 above ( <a href="#">note 12</a> ).		

**4.1 Loans, other investments, guarantees, and underwritings made to Other Organisations (Note 14)**

4.1	Budget allocation approval in accordance with Section 2 above.	Chief Finance Officer	Cabinet	Cabinet
4.2	Business Case approval in accordance with Section 3 above. This must include Treasury Management assessment in accordance with the Financial Management Tool and must comply with the Council’s investment limit where applicable.	Relevant Director and CFO	Either relevant Cabinet Member with CFO, or Regulatory Committee	Cabinet

**5. Property Transactions**

Specific delegations relating to property transactions are contained in Birmingham City Council Constitution, Part E Scheme of Delegations, section E3 Delegations to Chief Officers, 3.2 General Delegations, *Chief Executive and the Director, Inclusive Growth*

## **Financial Approval Framework – Supporting Notes**

### **Thresholds**

- 1) The Director delegation level is below £200,000. In relation to Emergency Health and Safety works there is an exception to the usual Gateway reporting requirements. Schools have a delegated authority to incur spend up to £500,000 whilst all other directorates can incur less than £200,000 under chief officer delegations (see Part E Scheme of Delegations). Any spend above these levels need to be approved by the relevant decision maker as soon as practicably possible.
- 2) “Whole Project Cost” means the entire gross capital cost of the investment to the City Council, however funded (including for example expenditure funded by capital grants).

### **Technical budget adjustments**

- 3) These may be needed for various reasons including (but not limited to):
  - Restructuring that takes place after the budget has been set and that sees the service being provided with the same budget via a different reporting hierarchy (i.e. the overall budget for the specific service being provided remains in line with that approved by the Council). Virements should only be used when it is not possible to reappoint an entire fund centre within hierarchies.
  - Changing Directorates’ uncontrollable costs such as Central Support Costs (CSC) and asset charges.
  - Savings that have been approved in the budget but have been held corporately and require reallocating.
  - Changes to Direct Schools Grant (DSG) and changes as a result of schools academisation.
  - Adjustments to Traded Services as a result of changes in year to the volume of services provided to schools and / or changes to pricing structures (e.g. Cityserve).
  - Any budget virement required as a result of technical accounting issues.

### **Corporate and Specific Capital Resources**

- 4) Corporate capital resources are those which the Council can use for any purpose or with wide discretion as to their use, including all capital receipts, earmarked capital receipts, ‘service’ and ‘corporate’ prudential borrowing, un-ringfenced capital grants, and other general resources as determined by the Chief Finance Officer; it excludes Specific capital resources. Corporate resources are predominantly allocated in the annual capital budget process. Although Cabinet may approve further allocations at other points during the year, this will not generally be done.

- 5) Specific capital resources are all other resources which have a restricted purpose and include external grants and contributions as well as revenue contributions from a Directorate's own budget. Specific resources may be added to the capital budget by Cabinet during the year when there is reasonable certainty that the resources are available.

#### **Capital budget virements within a project**

- 6) Capital virements within a project (e.g. from one Work Breakdown Structure element to another) can be approved by the Project's Board through a documented change control request (an example is in the Major Projects Financial Management Standard in the Financial Management Tool).

#### **Gateway Reports**

- 7) The required templates for OBC and FBC reports are included in Financial Management Tool. OBCs and FBCs are an appendix to the normal Executive decision report.
- 8) The report formats for Director approval are determined locally. They must support good decision making and provide adequate justification for the proposal being put forward. It is recommended that the Executive report format is used to ensure all relevant issues are addressed. Decisions made by relevant Cabinet Members and relevant Directors/Regulatory Committees must be made using the Executive Decision Report template and recorded on CMIS.

#### **Scope of Capital Gateway approvals**

- 9) 'Capital Gateway' means any capital expenditure, including projects, ongoing programmes, and capital grants to third parties. A programme of capital works (such as an annual programme of repairs or minor works) can be treated as a single project with a business case report to approve the programme before it starts. The approach to these reports should be agreed with the relevant Business Partner, which may include the consideration of wider delegations to officers as appropriate.
- 10) Gateway approvals will also apply to Revenue Projects where the Chief Financial Officer so decides.
- 11) Capital projects where the City Council is the 'accountable body', but the expenditure decision is assessed and approved under the associated governance process of the delegated body, will not require further 'Gateway' Options Appraisal or FBC approvals, as long as the assessment/appraisal process has been reviewed by the Corporate Director of Finance and Governance and is of a comparable or higher standard than the BCC gateway appraisal process.
- 12) Additional capital budgets (however funded) which are required to fund overspends, must be approved in accordance with section 2.4 above.

**Outline Business Cases**

- 13) Outline Business Cases will require a recommendation to release development funding. Approval to external funding will also need to be included in these reports in order to comply with 2.9 and 2.10.

**Loans, other investments, guarantees and underwritings**

- 14) These transactions are not always treated as capital expenditure but are all subject to the approvals in sections 1 and 2 above. This includes investments in Wholly Owned Entities. The decision thresholds apply to the value of the loan, investment, guarantee or underwriting.

Loans and other investments are a technically specialist activity and are subject to CIPFA and MHCLG statutory guidance and Council limits. The Treasury team must be involved in the clearance of all decision reports proposing loans/investments.

## **D2. PROCUREMENT AND CONTRACT GOVERNANCE**

### **Section1 - Introduction**

#### **Introduction and Purpose**

- 1.1 The Procurement and Contract Governance Rules (the “Rules”) shall be regarded as the Procurement and Contract Standing Orders of the Council and form part of the Constitution.
- 1.2 The Rules set out the required approach for procurement and contracting with third parties on behalf of the Council, for the purchase of Supplies, Services and Works.
- 1.3 In addition to the Rules there are supporting guidance and procedures which can be found here: [Procurement Procedures](#).
- 1.4 The Rules as set out in the following sections:
  - i. Section 2: Details the roles and responsibilities that apply to anyone who purchases Supplies, Services or Works on behalf of the Council.
  - ii. Section 3. The Thresholds to be applied related to the different levels of spend and approvals.
  - iii. Section 4: Explains the Rules to be followed throughout the commissioning, procurement and contract management process.
  - iv. Section 5: Sets out the defined terms within this document. Defined terms being emphasised by capital letters at the start of each word.

#### **Principles to be applied**

- 1.5 Section 135 of the Local Government Act 1972 requires the Council to make standing orders with respect to contracts for the supply of goods or services or for the execution of works which provide for securing competition and regulation of the manner in which tenders are invited. The intention of these Rules is therefore, to ensure the Council:
  - i. Obtains Value for Money and Best Value.
  - ii. Avoids and prevents corruption or the suspicion of it.
  - iii. Is fair and equitable in the treatment of all suppliers.
  - iv. Is transparent in how it conducts its procurement activities.
  - v. Promotes Social Value, including the Council’s Birmingham Business Charter for Social Responsibility, local economy and environmental sustainability, to the extent that it is legally permitted and pertains to the Public Services (Social Value) Act 2012.

#### **Scope**

- 1.6 These Rules shall apply to the procurement of the following types of contracts by or on behalf of the Council (e.g. agency staff, agents or consultants):

- i. purchasing of any Supplies (goods or materials).
- ii. Purchasing of any Services, including professional services.
- iii. Purchasing/ordering of any Works (such as building and engineering).
- iv. Contract management of all third party spend.

**1.7 In application of these Rules the following shall be undertaken:**

- i. Observe all applicable legislative requirements related to how public sector organisations undertake procurement activity and / or arrange Concession Contracts.
- ii. Ensure compliance with the Council's Financial Regulations and Scheme of Delegation.
- iii. Provide clear and consistent record keeping ensuring audit and accountability in how decisions are taken.
- iv. Apply proportionality to procurement activity considering value and associated risks.
- v. Use the Council's standard Terms and Conditions for Contracts entered into with third parties, seeking Legal Services input for all Above Threshold Contracts and on a case by case basis for Below Threshold.
- vi. Maintain compliance with requirements of the Council's Social Value Policy, including the Real Living Wage Accreditation, Birmingham Business Charter for Social Responsibility and Armed Forces Covenant.
- vii. Make legitimate efforts to promote local business and Small Medium Enterprises (SME) through our commercial arrangements.
- viii. Ensure capital funded projects to be considered in line with capital programme.
- ix. Give due consideration to alignment to the Council's Procurement Strategy.

**Out of Scope**

**1.8 These Rules do not apply in the following circumstances:**

- i. Procurement activity undertaken by Council maintained schools in accordance with their own delegated budget, and formal procurement and contractual rules as would be set out in the Schools Financial Procedures Manual.
- ii. Transactions regarding the purchase or lease of property, acquisition, disposal, transfer of land, or any interest in land which includes regulatory licenses (excluding consideration of Concession Contracts).
- iii. Legal charges, awards and disbursements (including all associated costs and fees) in connection with any and all legal proceedings governed by Civil Procedure rules.
- iv. Contract offers of employment which makes an individual an employee of the Council.
- v. Settlement of insurance claim compensation.



- vi. Treasury transactions as outlined within the Council's Treasury Management Strategy.
  - vii. Non-contractual funding arrangements (including Grant agreements under which the Council gives a Grant to third parties provided that the terms of the funding arrangements do not constitute a contract. Grants are to be awarded in line with the Council's conditions of Grant Aid. However, where the Council is using Grant monies itself or passing it on to a third party, the application of that money is subject to these Rules in addition to grant funding conditions.
  - viii. Specific licencing requirements (such as TV Licence or Public Entertainment Licence) or subscriptions to national organisations (such as the Local Government Association: LGA).
  - ix. Contracts for the execution of either Works (or provision of Supplies or Services) where the Council has no discretion regarding whether Works are required or who must deliver them as in the case of Work to be provided by a Statutory Undertaker, e.g. works to Public telecommunications network.
  - x. Services with a national remit, for example hosting England Illegal Money Lending Team (EIMLT), which may have requirements to comply with purchasing arrangements set out by funding body and as such those would take precedent.
  - xi. Appointment of external auditors outside of the control of the Council.
  - xii. Appointment of barristers, or legal firm where in the opinion of the City Solicitor (or delegate) urgent advice is needed to protect the interests of the Council.
  - xiii. Disposal of Supplies deemed surplus to the Council needs.
- 1.9 The above list is not exhaustive, and advice should always be sought from Corporate Procurement Services where there is uncertainty.
- 1.10 For Expenditure with Wholly Owned Council Companies with Teckal status that can provide goods, works or services to the Council, advice should be sought from Legal Services and Corporate Procurement Services as to whether any direct award is out of scope for the purposes of these Rules.
- 1.11 In consideration of the above and where these Rules do apply care must be taken to ensure compliance with the Council Constitution as a whole and applicable legislation is duly considered and applied.

### **Compliance**

- 1.12 Where these Rules apply compliance is deemed mandatory and is an essential part of the overall Constitution of the Council. Those with responsibility for fulfilling their duties in line with these Rules are required to maintain ongoing knowledge and awareness to ensure compliance.
- 1.13 Where reference is made to, and / or is applicable, to the UK Public Sector Procurement legislation (the "Regulation") then those Regulations need to be referred

to and complied with. The Regulations are not extracted or transposed into these Rules.

- 1.14 This process shall be consistently applied across the Council and directorates should not need to add any additional processes. The relevant Chief Officer / Director is responsible for ensuring these Rules are followed and all approvals required are in place before any contract is awarded.

### **Waiver of the Rules**

- 1.15 Any requirement of these Rules may be waived by application of the Waiver procedure but only where it is satisfied that it is justified and legal to do so.
- 1.16 Waivers to these Rules must be sought prior to acting and in accordance with the Waiver Procedure. If a Waiver is sought retrospectively to the action being carried out this will be deemed a potential Breach and investigated as such.
- 1.17 Waivers to the Rules are required for all spend over £5,000.
- 1.18 Where a Waiver is approved, officers must:
- i. ensure a formal contract is put in place;
  - ii. undertake appropriate due diligence and proportionate contract management; and
  - iii. there is the necessary authority in place from the decision maker in accordance with the Scheme of Delegation to award the contract.
- 1.19 Any Waiver granted over for Above Threshold approves only the anticipated non-compliance with the Council's Rules, it does not excuse or mitigate the risks associated with non-compliance with the UK Public Sector Procurement Regulations.
- 1.20 Use of the Waiver Procedure should not be used to circumvent due process in line with these Rules because of insufficient planning and / or activity resulting in insufficient time to procure the requirements as set out in these Rules.

### **Breach Procedure**

- 1.21 Failure to comply with these Rules will be considered a Breach.
- 1.22 It will be the responsibility of all officers (including those with line management responsibilities) to address non-compliance swiftly and in the most appropriate way according to the circumstances.
- 1.23 Means of reporting concerns can also be raised anonymously in line with the Council's [Whistleblowing Policy](#).
- 1.24 Officers should remain alert to fraud throughout the procurement life cycle and any concerns of fraud or corruption must be reported to the Corporate Fraud Team within Birmingham Audit, at the earliest opportunity, by emailing [FraudHotline@birmingham.gov.uk](mailto:FraudHotline@birmingham.gov.uk).
- 1.25 Failure to comply with these Rules may constitute a disciplinary matter that may be pursued as appropriate, in accordance with the relevant Human Resources policy framework.

- 1.26 Officers must follow the Code of Conduct for employees.
- 1.27 Councillors are not permitted to form part of the process once a procurement exercise is active and must ensure that their actions do not compromise or impact on the due process that has been set out.
- 1.28 Concerns related to Councillor intervention may be subject to Standards Board investigation.
- 1.29 Further details regarding investigation of Breaches of the Rules and their consequences can be found in the Procedural Note: Breaches.
- 1.30 Reports on the number of confirmed Breaches to be sent to Cabinet on a quarterly basis.

### **Emergency Process**

- 1.31 The use of the emergency process shall only be carried out where a genuine emergency exists and a Contract cannot be awarded based on a competitive Tender or following the Rules, and the reasons are not attributable to any act or omission by the Council.
- 1.32 A genuine emergency would be considered as having to deal with an immediate and extreme risk which could not have reasonably been foreseen, including but not limited to:
  - i. Major disaster or genuine emergency involving immediate risk to persons, property, and / or
  - ii. An event or occurrence which is creating serious disruption to Council services and / or
  - iii. An event or occurrence resulting in significant financial loss to the Council,
- 1.33 Where such a situation presents, then the Rules can be set aside to deal with the immediate response.
- 1.34 Once the immediate risks of that genuine emergency or major disaster has been duly mitigated, any follow up actions which would be required to follow the Rules as soon as possible following the emergency actions taken.
- 1.35 The use of the emergency process shall be used for proportional period to remedy the immediate and present situation.
- 1.36 To act in line with the emergency process the Chief Officer shall in consultation with the relevant Cabinet Member issue instruction that the emergency process has been enabled.
- 1.37 As soon as reasonably possible post the emergency a report shall be taken to update Cabinet, with the report including:
  - i. A record of the actions taken to deal with the genuine emergency.
  - ii. The justification to the reasons behind enabling the emergency process.
  - iii. Any related implications because of the actions taken.

### **Conduct and Conflict of Interest (Procurement)**

- 1.38 A Councillor or Officer must not seek or receive any bribe, gift, or inducement of any kind in respect of any award or performance of any Contract. Any Councillor or Officer who has either been offered a bribe, gift, or inducement, or is aware or suspects that another Councillor or Officer has been, shall report it to the Assistant Director (Audit & Risk Management) and / or Monitoring Officer.
- 1.39 If an Officer is or could be in a position where they have a family, personal or financial relationship with an organisation bidding for a Contract, they must not be involved in any way in the procurement exercise or seek to influence it.
- 1.40 Officers and Councillors shall be aware of the requirements of the appropriate codes of conduct and must declare any direct or indirect interest in accordance with Bribery Act 2010.
- 1.41 For all Above Threshold Tenders, Conflict of Interest Forms shall be completed by all directly involved in the Tender and for Quotations / Tenders Below Threshold only where there is a positive declaration to be made.
- 1.42 Conflict of Interest Forms shall be completed prior to any involvement in a procurement process, including those involved in the development specifications through to being part of an evaluation team. If changes to any potential conflicts occur during the process, then these must be updated as soon as they become known.
- 1.43 Conflict of Interest Forms shall be maintained by Corporate Procurement Services for record and accounting purposes in line with the Council's Corporate Retention Schedule, typically 6 years.
- 1.44 In all cases it will be the responsibility of the individual involved to make the declaration as set out above and that the declaration is in their belief true and accurate.

## Section 2 - Roles and Responsibilities

### Roles and Responsibilities

2.1 In carrying out their duties officers shall ensure:

- i. They comply with these Rules.
- ii. Procurement activity which they undertake supports all relevant Council plans, priorities and objectives.
- iii. Suitable records are maintained for audit, accountability and reporting purposes in line with the document retention policy, Regulations and any external funding arrangements.
- iv. Relevant and proportional due diligence and assurance is undertaken and, where required, advice sought in a timely manner.
- v. They have provided an up to date Conflict of Interest form to CPS in accordance with these Rules.
- vi. Compliance with the Scheme of Delegation and the Council's formal decision-making requirements.

### Specific

2.1 Specific responsibilities can be found in Table A below:

**TABLE A – Specific responsibilities**

ROLE	AREA OF RESPONSIBILITY
<b>Chief Officer</b>	<p>Chief Officers must ensure the following arrangements are in place within their Directorate to:</p> <ul style="list-style-type: none"> <li>• Ensure their staff comply with the Rules.</li> <li>• Adherence in the application of supporting guidance in their role as a signatory for Waivers and Emergency process where required.</li> <li>• Approvals of the commercial business case, route to market strategy and contract management arrangements subject to compliance with the corresponding assurance requirements under these Rules.</li> <li>• Ensure that contract award decisions are made in accordance with the Council's Constitution and Scheme of Delegation.</li> <li>• Ensure active and timely engagement with the Corporate Procurement Service in development of forward work plan of procurement activity and the maintenance of a contracts register, to include identifying a named contract manager for each Contract awarded.</li> </ul>
<b>Assistant Director (Procurement)</b>	<ul style="list-style-type: none"> <li>• Overall ownership of these Rules and ensuring that the overall governance and assurance framework for commercial considerations is complied with robustly and effectively.</li> </ul>

ROLE	AREA OF RESPONSIBILITY
<b>Authorised Officer</b>	<p>Authorised Officer with responsibilities in respect to the service area requiring application of spend in line with these Rules:</p> <ul style="list-style-type: none"> <li>• Ensuring projects (Quotations, Tenders or contract extensions and/ or renewals) are appropriately planned to ensure the Rules are applied.</li> <li>• Ensuring there is a genuine and legitimate business requirement for the spend and an approved budget.</li> <li>• Ensuring that the appropriate approvals have been received in respect to committing spend.</li> <li>• Drafting a fit for purpose specification that includes appropriate contract management arrangements.</li> <li>• Supporting the definition of an appropriate route to market for each contract is followed and justification for any deviation from the approved approach.</li> <li>• Genuine estimating the total contract value prior to any procurement activity.</li> <li>• Conducting procurement and contract modifications / extensions under £25k total contract value.</li> <li>• Mandatory engagement with Corporate Procurement Service for all Above Threshold procurements and any necessary proportional engagement with Corporate Procurement Services on application of the Rules for processes over £25k up to Above Threshold.</li> <li>• Where required undertake, appropriate application of the Waiver Procedure.</li> <li>• Meeting the requirements of the Contract Management Framework.</li> <li>• Engaging with the Corporate Procurement Services as required.</li> <li>• Having authority to act, for example be the Budget Holder, or acting with the authority of the Budget Holder including seeking spend authorisations as appropriate.</li> </ul>
<b>Councillors (Cabinet Members)</b>	<ul style="list-style-type: none"> <li>• Make strategic decisions in line with the Constitution including overall budgetary and policy framework within which procurement plans are developed and implemented.</li> <li>• Approve Decisions in line with Authorisations process and Constitution.</li> <li>• Where they have specific responsibilities in the procedural aspects, comply with these Rules and follow supporting guidance.</li> <li>• Ensuring compliance with the Members' Code of Conduct, including in relation to any interests they may have.</li> </ul>

ROLE	AREA OF RESPONSIBILITY
<b>Corporate Procurement Service</b>	<p>On behalf of the Council provide overall strategic ownership of procurement and commercial activity. Officers working within Corporate Procurement Services must ensure the following arrangements are in place to:</p> <ul style="list-style-type: none"> <li>• Proactively engage with Directorates to determine the forward plan of procurement activity and how this is enabled in a proportional and timely manner, in particular for engagement of activity above £25k.</li> <li>• Support Directorates in assessing the commercial considerations at the design stage, drafting of the route to market strategy for procurement activity and putting the contract management arrangements in place in accordance with the contract management framework.</li> <li>• Work with Directorates to develop proportional and informed category strategies.</li> <li>• Explore options for using pre-existing Public Sector compliant contractual arrangements that allow the Council's participation and compliantly use where this is the best value option.</li> <li>• Explore options for collaboration with other contracting authorities where appropriate.</li> <li>• Ensure the compliance of all procurement processes over £25k with the Rules and the Regulations, and monitoring and intervention as appropriate below £25k.</li> <li>• Through category management seek to develop strategic opportunities for synergy between contracts to enable the Council to get better value.</li> </ul>

## Section 3 - Thresholds

### Thresholds

- 3.1 This section sets out the details in relation to spend financial Thresholds, the activities to be applied in procurements and authorisations in respect of related procurement activities.
- 3.2 Reference should also be taken in respect of Section 4 – Process and whether a procurement process is required or not, for example consideration of make or buy.

### Estimated Contract Values

- 3.3 No contract shall be subdivided into smaller contracts so as to avoid compliance with these Rules.
- 3.4 For the purposes of the Financial Thresholds as set out in Table 1, calculation of estimated Contract value shall consider the whole life value or estimated whole life value (in pounds sterling or equivalent value) for any purchase (including any extensions or potential variations available) calculated as follows:
- i. For a fixed term Contract, by taking the total price to be paid or which might be paid during the whole of the fixed term period.
  - ii. For purchases that involve recurrent transactions for the same type of item, across the Council as a whole, by aggregating the value of those transactions over the life expectancy of the Contract.
  - iii. In accordance with the Regulations and where the Contract is for an uncertain duration, by multiplying the monthly payment by 48.
- 3.5 The value for a proposed Contract must be a genuine pre-estimate with due consideration given to all associated costs (for example consideration to be given to repair, maintenance, spare parts etc.).
- 3.6 Where there is a requirement for similar Supplies, Services or Works, this spend should be aggregated. There shall be no disaggregation of requirements from across the Council to avoid the Thresholds.
- 3.7 All figures in Standing Orders are exclusive of VAT.
- 3.8 When calculating the estimated Contract values to determine which process to follow and whether the Regulations apply, the contract value estimation should be inclusive of VAT (where applicable).
- 3.9 For the purposes of advertising Above Threshold Tenders, the related Public Sector Procurement Regulation Thresholds include VAT (where applicable).
- 3.10 The default for calculating VAT to be against the prevailing current standard rate of VAT. Where a purchase is exempt from VAT, or is zero rated VAT, no allowance needs to be made for VAT.



**TABLE 1: Process**

<b>Thresholds (excluding VAT)</b>	<b>Minimum Tender Process <sup>-3</sup></b>	<b>Advertising opportunity on <sup>-3</sup>: i) Contracts Finder ii) Find a Tender</b>	<b>Posting Contract Notice of Award on: i) Contracts Finder ii) Find a Tender</b>	<b>Publishing on Contract Register</b>	<b>Use of electronic Tendering System</b>	<b>Minimum Tendering Timescales <sup>-2</sup></b>
<b>Up to £5k</b>	Proceed to purchase	(i) Not required (ii) Not required	(i) Not required (ii) Not required	Not required	Not required	Not applicable
<b>Low Value Quotation £5k to &lt;£25k</b>	Preference of three quotations (two from local suppliers or SMEs where possible), with a minimum of one quotation (local supplier or SME where possible) <sup>-1</sup>	(i) Optional (ii) Not required	(i) Not required (ii) Not required	Yes	Optional	5 to 7 working days but preferred 15 working days
<b>Supplies and Services: £25k to Below Threshold relevant Regulation</b> (inc. For Light Touch Regime (LTR) / Concessions / Utilities contracts)	Three quotations have been submitted (to include a minimum of two local suppliers or SMEs where possible)	(i) Yes (ii) Not required	(i) Yes (ii) Not required	Yes	Yes	15 working days

<b>Thresholds (excluding VAT)</b>	<b>Minimum Tender Process <sup>-3</sup></b>	<b>Advertising opportunity on <sup>-3</sup>: i) Contracts Finder ii) Find a Tender</b>	<b>Posting Contract Notice of Award on: i) Contracts Finder ii) Find a Tender</b>	<b>Publishing on Contract Register</b>	<b>Use of electronic Tendering System</b>	<b>Minimum Tendering Timescales <sup>-2</sup></b>
<b>Works Contracts: Low Value Quotation (£25k - £250k) or to relevant Threshold (Concessions / Utilities Contracts)</b>	Three quotations have been submitted (to include a minimum of two local suppliers or SMEs where possible)	(i) Yes (ii) Not required	(i) Yes (ii) Not required	Yes	Yes	15 working days
<b>Works Contracts: Over £250k but below Threshold (or Concessions / Utilities Contracts)</b>	Formal tender procedure compliant with the Rules and Regulations	(i) Yes (ii) Not required	(i) Yes (ii) Not required	Yes	Yes	20 working days
<b>Above Threshold Supplies, Services, Works to £10m (or Concessions, Light Touch Regime or Concessions or Utilities Contracts)</b>	Formal tender procedure compliant with the Rules and Regulations	(i) Yes (ii) Yes	(i) Yes (ii) Yes	Yes	Yes	As per Regulations
<b>Over £10m</b>	Formal tender procedure compliant with the Rules and Regulations	(i) Yes (ii) Yes	(i) Yes (ii) Yes	Yes	Yes	As per Regulations

- 1 *If the Authorised Officer is unable to secure the submission of three written quotations, then the Authorised Officer shall record, the reasons for audit purposes and proceed with a single quotation*
  - 2 *When setting the time limit for bidding due regard should be given to allowing sufficient timescales for suppliers to bid, including any Regulatory stipulations, consideration of the complexity of the proposed contract and the time required for drafting a tender response (including supplier's own sign off timescales); plus any impediments which may limit suppliers ability to respond such as peak holiday periods and likely reduced resources.*
  - 3 *In establishing the Council's own Framework then the Thresholds would apply as established within Table 1, subsequent call offs from such Frameworks would be deemed in line with the spend as authorised.*
- For specific procurement activities requiring call-offs from compliant Frameworks, not all activities would be required, in particular:*
- Would not require advertising of opportunity but may require publishing of contract award, subject to conditions of Framework and / or Regulations.*
  - Unlikely to require use of Council's electronic Tendering System*
  - Timescales may be variable*
- In establishing the Council's own Framework then the Thresholds would apply as established within Table 1, subsequent call offs from such Frameworks would be deemed in line with the spend as authorised.*

**Table 2: Authorisations and Approvals**

<b>Thresholds (excluding VAT)</b>	<b>Pre-procurement (Authorising procurement activity)</b>	<b>Post-procurement (Awarding of procurement activity)</b>	<b>Contract (as a minimum)</b>
<b>Up to £5k</b>	Budget Holder (or Officer delegated by Budget Holder) within Service area in line with the Scheme of Delegation by means of relevant and proportional information and details for means of audit purposes as needed, e.g. emails.	Budget Holder (or Officer delegated by Budget Holder) within Service area in line with the Scheme of Delegation by means of relevant and proportional information and details for means of audit purposes as needed, e.g. emails.	Purchase Order

<b>Thresholds (excluding VAT)</b>	<b>Pre-procurement (Authorising procurement activity)</b>	<b>Post-procurement (Awarding of procurement activity)</b>	<b>Contract (as a minimum)</b>
<b>£5k up to £25k</b>	Budget Holder (or Officer delegated by Budget Holder) within Service area in line with the Scheme of Delegation by means of relevant and proportional information and details for means of audit purposes as needed, e.g. emails.	Budget Holder (or Officer delegated by Budget Holder) within Service area in line with the Scheme of Delegation by means of relevant and proportional information and details for means of audit purposes as needed, e.g. emails.	Purchase Order and where relevant agreed terms and conditions pertinent to the Quotation / Tender process.
<b>Supplies and Services: £25k to Below Threshold relevant Regulation</b> (inc. For Light Touch Regime (LTR) / Concessions / Utilities Contracts) <sup>-6</sup>	Budget Holder (or Officer delegated by Budget Holder) within Service area in line with the Scheme of Delegation by means of relevant and proportional information and details for means of audit purposes as needed, e.g. emails.	Contract Award Report <sup>-2</sup> Chief Officer (in accordance with Directorate Scheme of Delegation approval level).	Purchase Order and where relevant agreed terms and conditions pertinent to the Quotation / Tender process.
<b>Works Contracts: Low Value Quotation (£25k - £250k) or to relevant Threshold</b> (Concessions / Utilities Contracts) <sup>-6</sup>	Budget Holder (or Officer delegated by Budget Holder) within Service area in line with the Scheme of Delegation by means of relevant and proportional information and details for means of audit purposes as needed, e.g. emails.	Contract Award Report <sup>-2</sup> Chief Officer (in accordance with Directorate Scheme of Delegation approval level)  Concessions / Utilities Contracts – In accordance with the Directorate Scheme of Delegation approval level.	Purchase Order and where relevant agreed terms and conditions pertinent to the Quotation / Tender process.

Thresholds (excluding VAT)	Pre-procurement (Authorising procurement activity)	Post-procurement (Awarding of procurement activity)	Contract (as a minimum)
<b>Works Contracts: Over £250k but Below Threshold</b> (or Concessions / Utilities Contracts) <sup>-6</sup>	Planned Procurement Activity Report (PPAR) for Cabinet approval then Strategy Report by means of Delegated Procurement Report (DPR).	Contract Award Report <sup>-2</sup> by means of Delegated Procurement Report (DPR) subject to Cabinet confirming delegated approval permitted at pre-procurement stage.	Purchase Order and relevant agreed terms and conditions pertinent to the Tender process plus Works Contract which exceeds £250,000 in value, shall be sealed with the Common Seal of the Council and shall be executed as a Deed.
<b>Above Threshold Supplies, Services, Works to £10m<sup>-4 -5</sup></b> (or Concessions, Light Touch Regime or Concessions or Utilities Contracts) <sup>-6</sup>	Planned Procurement Activity Report (PPAR) for Cabinet approval then Strategy Report by means of Delegated Procurement Report (DPR).	Contract Award Report by means of Delegated Procurement Report (DPR) subject to Cabinet confirming delegated approval permitted at pre-procurement stage.	Purchase Order and relevant agreed terms and conditions pertinent to the Tender process plus every contract (and all Framework agreements) for Supplies or Services which exceeds £1,000,000 in value, shall be sealed with the Common Seal of the Council and shall be executed as a Deed.

<b>Thresholds (excluding VAT)</b>	<b>Pre-procurement (Authorising procurement activity)</b>	<b>Post-procurement (Awarding of procurement activity)</b>	<b>Contract (as a minimum)</b>
<b>Over £10m</b> <sup>-4 -5</sup>	Consultation with Cabinet Member(s) and relevant Scrutiny Chair(s) 3 months prior to Cabinet. Inclusion on Forward Plan, Formal Cabinet Report including the Procurement Strategy.	Contract Award Report <sup>-2</sup> for Cabinet approval (where the decision to award has not been delegated).	Purchase Order and relevant agreed terms and conditions pertinent to the Tender process plus it shall be sealed with the Common Seal of the Council and shall be executed as a Deed.
<b>Negotiated Contracts - £0 to £200k (revenue or capital)</b>	Negotiated Procedure Report by sign off by Chief Officer (in accordance with Directorate Scheme of Delegation approval level) and the Assistant Director (Procurement).	Further signature of the Section 151 Officer (or their delegate) is required on the Negotiated Procedure Report.	Purchase Order and where relevant agreed terms and conditions pertinent to the Contract Negotiations.
<b>Negotiated Contracts - £200k to £500k</b> <sup>-4</sup> <b>(revenue)</b> <b>£200k to £1million</b> <b>(capital)</b>	Negotiated Procedure Report submitted as an appendix for Cabinet approval by way of a Directorate led Formal Cabinet Report.	Contract Award Report <sup>-2</sup> by means of Delegated Procurement Report (DPR) subject to Cabinet confirming delegated approval permitted at pre-procurement stage.	Purchase Order and relevant agreed terms and conditions pertinent to the Tender process plus for Works Contract which exceeds £250,000 and over £1m for Supplies and Service in value, shall be sealed with the Common Seal of the Council and shall be executed as a Deed.

Thresholds (excluding VAT)	Pre-procurement (Authorising procurement activity)	Post-procurement (Awarding of procurement activity)	Contract (as a minimum)
<b>Negotiated Contracts – above £500k<sup>-4</sup> (revenue) or above £1million<sup>-4</sup> (capital)</b>	Consultation with Cabinet Member(s) and relevant Scrutiny Chair(s) prior to Cabinet. Inclusion on Forward Plan, Formal Cabinet Report including the Procurement Strategy.	Contract Award Report for Cabinet approval .	Purchase Order and relevant agreed terms and conditions pertinent to the Tender process plus it shall be sealed with the Common Seal of the Council and shall be executed as a Deed.

1 - Where the estimated value of a contract is under £10,000,000, the contract award decision shall normally be delegated to Chief Officer / Director in accordance with the Scheme of Delegation; provided that the tolerances in the Decision Making and Tolerances section of this document are not exceeded, in which case such contract award decision will be made by the Cabinet Member, Finance and Resources on a report of the relevant Chief Officer.

2 - Where it is likely that the award of the contract will result in staff employed by the Council transferring to the successful contractor under TUPE the decision must be made by Cabinet.

3 - Frameworks Where the rules of the Framework Agreement require opening up competition between the Framework suppliers, then a report shall be issued to the Decision Maker under the Evaluation and Award section setting out the reason for the award to the particular contractor and how the price payable by the Council has been reached.

4 - Approvals above the Threshold are approved in the above manner by following the Commissioning and Procurement Gateway process

5 – Where this is done via a Negotiated Procedure then the Negotiated Procedure thresholds within this Table must be applied.

6 – In accordance with 4.35 where a Quotation or Tender is a “call off” from a compliant Framework the Contract Award Report can be combined with the Strategy Report.

## **Section 4 - Process**

### **Processes**

- 4.1. This Section sets out details as to the procurement processes to be followed, which will vary depending on the respective spend Thresholds as set out elsewhere in these Rules.

### **Pre-Procurement Stage**

#### **Make or Buy Considerations**

- 4.2. Before undertaking a new procurement, the following approaches should be used in the first instance where these options are deemed fit for purpose, available for use and able to demonstrate Best Value:
- i. Use of internal Council service(s) or establishment of such service(s) where they don't currently exist.
  - ii. Use of an existing compliant Council Framework.
  - iii. Award of a Contract to the Council's wholly owned Company with Teckal status or in establishing, or implementing a public contract with another public sector entity, or using another public sector entities Framework or Contract.
- 4.3. Proceeding to undertake a formal Quotation or Tender process shall only be permitted where the following conditions are met:
- i. Make or Buy process should ensure the In-house Preferred Test has been followed and can be demonstrated conditions as set out do not apply.
  - ii. Best Value can be demonstrated.
  - iii. Sufficient time has been allowed to ensure required outcomes are achieved.

#### **Route to Market**

- 4.4. Where relevant and proportionate to do so, preliminary market consultation is permitted and encouraged with the intention of informing the procurement process and potential suppliers. Where such consultation takes place, care shall be taken it is in line with the Regulations.
- 4.5. A procurement process should not be commenced unless:
- i. A genuine and timely pre-estimate of the Contract value has been completed.
  - ii. In the case of a Contract for the execution of any Works, a business case has been prepared and includes an estimate of the annual running costs of the works after completion.
  - iii. There is an approved budget, or relevant approval by Chief Officer.
  - iv. Strategy report (where applicable) has been approved.
  - v. A contract manager for the Contract has been identified.



- 4.6. Consideration of route to market shall include options for the Council to undertake its own procurement process or consider awarding Contracts in line with the conditions of a compliant Framework available to the Council to use.
- 4.7. The route to market consideration shall consider the procurement procedures available to the Council with due regard to the Regulations. Where Above Threshold, strict accordance to the Regulations shall be followed in application of the chosen route to market.
- 4.8. For audit and transparency purposes proportional details and records on justification of the chosen route to market should be kept.

#### **Prior information and Public Reports**

- 4.9. To aid transparency and market readiness for all upcoming Tenders above £2m the Council shall publish on the Council website a pipeline notice of upcoming Tender opportunities in line with the Regulations.
- 4.10. In addition, and where reasonably possible, the Council will also seek to publish all Above Threshold Tender pipeline opportunities as a minimum on the Council website.
- 4.11. In line with Regulations the Council is not required to publish or otherwise disclose information which would undermine the safeguarding of national security or which information is commercially sensitive.

#### **Planned Procurement Activities Report (PPAR)**

- 4.12. For all spend above the Threshold for Supplies and Services or £250k and above for Works (see Table 1) then the Assistant Director – Procurement shall present a monthly Planned Procurement Activities Report (PPAR) to Cabinet and copy to the Resources Overview and Scrutiny Committee.
- 4.13. All relevant planned procurement activity (“Planned Procurement Activities Report”) over the following quarter. The report shall include:
  - i. Details of the Supplies, Services or Works required with a suitable brief description.
  - ii. Estimated timescales.
  - iii. Estimated contract values (noting some may be exempt from public disclosure subject to the public interest test in accordance with Schedule 12A of the Local Government Act 1972).
- 4.14. This purpose of the PPAR report is:
  - i. To notify Cabinet and the Resources Overview & Scrutiny Committee of planned procurement activities over the following quarter with reference to Key Decisions, seeking any recommended decisions.
  - ii. To act as a sounding for Members for the planned activities where decisions are delegated to Chief Officers;
  - iii. For Cabinet to identify any sensitivities or requirements that necessitate a procurement report to be presented to Cabinet for an Executive Decision

prior to starting the procurement rather than delegating the decision to Chief Officers.

- 4.15. Any planned procurements can, at the discretion of Cabinet, be brought back to Cabinet for an Executive Decision.
- 4.16. Where possible, any Tender which is required to be included on the PPAR report should be included at a suitable practical early stage to provide genuine insight as to planned tendering activity.
- 4.17. The requirement for the inclusion of Tender on a Planned Procurement Activity Report should not limit any necessary early engagement or feasibility work prior to the submission of the PPAR, for example to determine route to market.
- 4.18. Any deviation from this PPAR process will require approval via the Waiver Procedure.
- 4.19. Where an agreed procurement process has commenced in line with such an approval this must be included on the next available PPAR report and highlighted to identify that a procurement process has commenced.
- 4.20. No Contract or commitment to form a contract shall be permitted prior to the PPAR being signed off by Cabinet.

#### **Procurement Strategy Report**

- 4.21. In line with Table 2, prior to commencing a procurement process and the commencement of a Tender, a Procurement Strategy Report briefly outlining the proposed activity will be prepared by the relevant Directorate Chief Officer(s), seeking approval from:
  - i. Finance – to validate that the anticipated benefits including savings can be realised and to confirm the budget is available; and
  - ii. Corporate Procurement Services – to confirm that the strategy demonstrates the best form of procurement / route to market, is likely to secure effective competition, deliver best value and approve the market engagement strategy and, where relevant, seeks to maximise Social Value outcomes.
  - iii. The Contract Owner shall gain approval to the content of the Strategy Report from Section 151 Officer and Assistant Director (Procurement), or their delegates.
- 4.22. Where appropriate, Executive Decision on awarding of a Contract as a result of a compliant Quotation or Tender will be delegated to the relevant Chief Officer.

#### **Competitive Procurement Stage**

##### **Drafting Quotation and Tender Documents**

- 4.23. All Quotation or Tender invitations shall clearly set out the procurement process for suppliers to follow for submitting bids, with bids required to be submitted in accordance with those requirements.

- 4.24. All Quotation and Tender documents shall be based on the Council's approved templates and include the Council's terms and conditions relevant to the nature of the contract, along with the mandatory clauses.

#### **Submission and opening of Quotations and Tenders**

- 4.25. Those undertaking the opening / unlocking of Quotation or Tender on the Council's E-tendering System shall be responsible for ensuring that there is an accurate record of the receipt for accounting purposes.
- 4.26. Opening of Quotations or Tenders is not permitted until after the deadline has passed for the receipt of the Quotation or Tender.
- 4.27. If a Quotation or Tender is received after the specified date and time or where information is felt to be missing or omitted then reference should be made to the Late, Missing or Omitted Materials procedure.
- 4.28. Where use of the Council's electronic tendering system is optional (See Table 1 above) quotations may be received by email according to the terms of the Quotation Document. The same rigour applies for the opening and recording of quotations as above.

#### **Evaluation and Award**

- 4.29. All invitations for Quotations or Tenders shall specify the conditions for participation or selection criteria (where used) and award criteria at the time of advertising or publishing to the market, and the evaluation of Quotation or Tenders must take place in accordance with the published criteria.

#### **Contract Award (including modifications)**

- 4.30. Where applicable and in line with Table 2 – Authorisations and Approvals for Contract Value, at the end of the Quotation or Tender a Contract Award Report shall be produced in accordance with the Regulations, for authorisation by the relevant Authorised Officer.
- 4.31. The Contract Award Report should make clear where authorisation is being sought to delegate to the appropriate Chief Officer the taking up of the option to extend, in whole or in part, or Contract modifications by written notice to the contractor(s), subject to satisfactory performance and funding availability.
- 4.32. The Contract Award Report shall be in line with Table 2: Authorisations and Approvals and in the same final version of the Contract Award Report having been seen and authorised by all parties.
- 4.33. The Contract Award Report shall set out the timing and format of the mandatory Contract Review Gate as required by the Procurement Gateway Process.
- 4.34. Following the authorisation of the Contract Award Report, all tenderers shall be notified in writing of the outcome, subject to the requirements of the Regulations e.g. standstill periods. Supplier feedback letters and where required under the Regulations a Contract Award Notice shall also be published.

- 4.35. Where a Quotation or Tender is a “call off” from a compliant Framework the Contract Award Report can be combined with the Strategy Report.

#### **Contract Extension and Modifications**

- 4.36. Contracts shall only be amended or extended where:
- i. The Contract permits the amendment and/or extension;
  - ii. It is in accordance with Public Sector Procurement Regulations (as amended and/or any successor legislation); and
  - iii. Approval is sought in accordance with the Scheme of Delegation.
- 4.37. Approvals to extend or modify a Contract must be formally recorded as part of accountability and transparency and recorded on the Contract Register as appropriate.
- 4.38. Where a contract extension is required that was not provided for in the original contract, then this will be deemed as a Breach, and recorded as such. Actions should be taken to put in place a new compliant process which will need to follow the governance set out in Table 2 above, having due regard for the Regulations.
- 4.39. Where a contract extension is required that was not provided for in the original contract, then this will need to follow the governance set out in Table 2 above, having due regard for the Regulations.
- 4.40. In line with the Breach Procedure due consideration should be taken on whether a formal report to Cabinet is required outlining the circumstances relating to the Contract and what actions are to be taken to mitigate and remedy the Breach.

#### **Contract Management**

- 4.41. Proportionate contract management, taking into account risks to the Council, must be an integral part of the consideration when seeking to award a new Contract. This will include establishing dedicated contract managers and contract management systems, including a detailed knowledge of the provisions of the Contract.
- 4.42. Payments shall be made in accordance with the Contract terms and the Regulations and done in a timely manner to avoid the payment of any interest charges.
- 4.43. During the life of a Contract, the contract manager must monitor the Contract in line with any approved Contract Management Framework
- 4.44. If a contractor fails to comply with any of the provisions of a Contract, the contract manager must try to secure compliance in accordance with the Contract. Proper records must be kept regarding Contract failings and any corrective measures put forward.
- 4.45. If this is not successful, the matter should be referred promptly to Corporate Procurement Service and their advice sought as to what action should be taken to protect the Council’s interests.
- 4.46. If there is contract dispute, the contract manager must follow the dispute resolution provisions contained in the Contract and seek legal advice from Legal Services where

necessary. Advice should also be sought from the Section 151 Officer (as delegated) for advice about the financial implications.

### **Other considerations**

4.47. In addition to the above processes the following considerations should apply:

#### **Due Diligence**

4.48. Relevant subject matter experts (e.g. service area teams, Legal Services, Finance, IT&D, HR (People Services), Property, Information Security, Data Protection, etc.) are to be consulted at appropriate times during the procurement process, with the respective services to engage as appropriate.

#### **Clarifications**

4.49. Where Quotations or Tenders are placed via the Council's e-Tendering System, clarifications on the procurement are only permitted via that system in order to ensure a full audit trail and details that may form part of the resulting Contract(s).

4.50. Discussions with tenderers after submission of a Tender and before the award of a Contract, with a view to obtaining adjustments in price, delivery or content (i.e. post-tender negotiations) is generally not permitted. If this is considered necessary, then advice must be sought from Corporate Procurement Service.

4.51. Planned and structured supplier contact in the form of a Bidder's day or dialogue / negotiation as part of a prescribed procedure are permitted.

#### **Frameworks**

4.52. Where the Council has established the award of a Framework Agreement which has been approved by a Cabinet Member or by a Chief Officer (in accordance with the Scheme of Delegation), then Chief Officers (or as delegated) may issue further orders under the Framework agreement provided that they comply with the scope of the agreement and Framework conditions and this is noted in the framework award report.

4.53. Where calling off from a single contractor Framework the issuing of individual orders for supplies, services or works within the scope of that Contract shall be permitted up to the agreed levels of spend and authorisations.

4.54. When more than one contractor is on the Framework Agreement then the issuing of individual call off orders from Frameworks shall be in accordance with the Framework call off conditions.

4.55. All Framework Agreements and Dynamic Purchasing System Agreements must be awarded, set up and managed strictly in accordance with the Regulations, where applicable.

4.56. In looking to establish a Framework or Dynamic Purchasing System Agreements, due consideration must be given to sub-dividing the Contract into lots and the reasoning provided where it is decided that this is not appropriate.

4.57. Frameworks to be monitored to ensure that spend does not exceed what is permitted under the framework.

- 4.58. Contracts to be concluded by a call off from a Framework Agreement established by another Contracting Authority shall be carried out in accordance with the rules for the operation of that Framework Agreement; ensuring that the scope covers the Council as an eligible participant to which the Framework is open.

**Negotiated Contracts without competition**

- 4.59. The criteria for applying a Negotiated Contract without competition shall only be deemed appropriate for the execution of supply of Supplies or Services or the execution of Works under the following circumstances:
- i. The purchase of a named product required to be compatible with an existing installation.
  - ii. The purchase of proprietary or patented Supplies or materials or Services which, are obtainable only from one supplier, and where no reasonably satisfactory alternative is available.
  - iii. The creation or acquisition of a unique work of art or artistic performance.
  - iv. Carrying out, with the approval of the Section 151 officer, security works where the publication of documents or details in the Tender process could prejudice the security of the works to be done.
  - v. The activities are controlled by a statutory body which prohibits competition by others.
  - vi. It can be demonstrated and evidenced that no genuine competition can be obtained.
  - vii. The activities are of a specialised nature which, are carried out by only one supplier, and it can be evidenced that there is no reasonably satisfactory alternative available.
  - viii. Whereby a change cannot be reasonably made in the case of a business-critical system and/or strategic ICT solution (with proprietary licensing therein) for technical reasons such as, interchangeability and / or interoperability with existing back-office solutions and infrastructures.
- 4.60. Evidence is to be provided which demonstrates that as a result of a market investigation there is only one contractor that can meet the Council's requirements for that Contract in line with the criteria.
- 4.61. Where use of a Negotiated Contract has been approved a Quotation or Tender will not be applicable.
- 4.62. Where appropriate officers should comply with the need to issue notices in accordance with the Regulations.
- 4.63. For Negotiated Contracts Above Threshold, two separate reports are required – one for the approval to commence negotiations and then one for the award of contract following the outcome of those negotiations.
- 4.64. For Negotiated Contracts Below Threshold a single report is required for the approval to commence negotiations. Following the conclusion of negotiations, a further

signature of the Section 151 Officer (or their delegate) is required for that report to confirm the contract value and allow the award of contract.

- 4.65. Where it is deemed negotiations are required with more than one supplier due regard must be given to the Regulations around what is permitted in respect of negotiations and / direct awards.
- 4.66. Entering into a Negotiated Contract process to award a contract without competition is not to be used as a means to extend contracts that have failed to be re-procured in sufficient time. In such cases these would be investigated as part of the Breach Procedure.
- 4.67. Where an appointment of a Supplier(s) is through the application of a Negotiated Contract a formal Contract must be formed with the Supplier(s) and registered on the Council's Contract Register.

### **Decision Making and Tolerances**

- 4.68. If a project within the Planned Procurement Activity Report is not approved for the Supplies, Services or Works required, then an Executive Decision will need to be made by Cabinet (or the relevant Cabinet Member on a report of the relevant Chief Officer if it is within the appropriate financial limits).
- 4.69. In addition, the following are decisions that must also go to Cabinet where:
  - i. Submitted bids are above the estimated total value of the Contract where they exceed the figure stated in the Planned Procurement Activities Report by 20% or £500,000 (whichever is the lower), or exceeds £10,000,000;
  - ii. the proposed length of the Contract exceeds by more than 12 months the term stated in the Planned Procurement Activities Report;
  - iii. there is a material change to the scope of the contract as set out in the Planned Procurement Activities Report;
  - iv. there is a material change to the procurement approach set out in the Planned Procurement Activities Report.
- 4.70. If the decision within the Cabinet Report was delegated and the submitted bids are above the estimated total value of the Contract by not more than 20% or £500,000 then the DPR award report process may still be applied.

### **Record of decisions**

- 4.71. The Assistant Director (Procurement) shall maintain a record of all decisions of the following:
  - i. a record of all decisions made by Chief Officers; and a
  - ii. Report on a quarterly basis to Cabinet on all decisions taken by Chief Officers during the previous quarter to which these Rules apply.

### **Equalities Impact Assessments**

- 4.72. Prior to commencement of a procurement due regard should be given as to whether an Equalities Impact Assessment should be completed.

## Subsidy Control

- 4.73. Subsidy Control rules must be considered in situations or circumstances where the proposed arrangement may provide an advantage through state resources on a selective basis to any organisation(s) that could potentially distort international competition and / or trade.
- 4.74. All relevant Government guidance should be applied where subsidy control rules may apply. Advice from Legal Services should also be sought in such circumstances.

## Section 5 – Definitions

Above Threshold	Means spend threshold above the UK Government thresholds for Local Councils setting out requirements to advertise on “Find a Tender” ( <a href="https://www.gov.uk/guidance/find-high-value-contracts-in-the-public-sector">Find high value contracts in the public sector – GOV.UK (www.gov.uk)</a> ).
Authorised Officer	Means the Officer as set out in Roles and Responsibilities – Section 2.
Birmingham Business Charter	Means the Birmingham Business Charter for Social Responsibility (BBC4SR).
Below Threshold	Means spend falling below the UK Government requirement to advertise on “Find a Tender”.
Best Value	Means the duty placed on the Council to secure Best Value in line with statutory duties.
Breach	Means an act or action undertaken which is counter to the requirements as set out in these Rules.
Breach Procedure	Means the procedure to be undertaken to investigate and determine if a Breach to these Rules has occurred.
Budget Holder	Means the Authorised Officer with overall responsibility for the financial budget.
Chief Officer	Means Officers reporting to the Chief Executive including all Strategic Directors and the Director of Strategy, Equality and Partnerships.
Concession (Contract)	As defined within the Public Contract Regulations, typically for granting of rights to operate as a Concession on public services.
Conflict of Interest Forms	Means the form under which Conflicts of Interest Declarations are to be recorded in line.
Contract	Means a formal agreement between the Council and a Supplier that has been set up with the expressed intention of supporting the delivery of Supplies, Services or Works or Concessions arrangements.
Contract Award Notice	Means the Award Notice as defined within the Regulations.



Contract Award Report	Means the formal Council defined Award Report in relation to contract awards with third party suppliers.
Contract Register	Means the electronic register for storing and documenting Contract information and associated documents. At the time of drafting these Rules shall mean Oracle.
Contract Standing Orders	Means these Rules which form the Standing Orders in relation to Contract spend In line with section 135 of the Local Government Act 1972.
Council	Means Birmingham City Council.
Council's E-Tendering System	Means the Council's preferred electronic system for advertising of contracts and opportunities, i.e. Oracle or its successor.
Council's Corporate Retention Schedule	Means the Council's formal Retention Schedule setting out the relevant time frames for how long certain types of documents and records need to be kept for.
Dynamic Market(s)	Means dynamic arrangements and / systems as set out in the Public Sector Procurement Regulations.
Financial Regulations	Means the formal Financial Regulations of the Council which form part of the overall Council constitution.
Framework Agreement	Means agreements as set out in the Public Sector Procurement Regulations.
Grant	Means a payment made by the Council to help the recipient (e.g. charity) to delivery an agreed outcome but has no contractual basis. Whilst typically provided subject to conditions that state how the Grant shall be used (for example to support the wider objectives of the Council in promoting the social, economic or environmental well-being within their communities) the grant funder (e.g. the Council) gets no direct service delivery in return. Usually preceded for award of a Grant by a call for proposals. The Grant offer letter will be in line with the Grant Policy (Condition of Grant Aid) normally set out general instructions as to how this is to be achieved and any particular conditions in regard to clawback if those wider objectives are not met.
In-house Preferred Test	Means the Council's internal measure for determining if the requirements are best suited to be delivered through internal mechanisms, e.g. internal service area, Council owned company or partnership where the Council is a majority partner versus a competitive process.
Light Touch	Means appropriate Contracts which able to be subject to Light Touch procedure as defined within the Public Sector Procurement Regulations.

Negotiated Contracts	Means Contracts negotiated in line with the Negotiation Process as set out in these Rules.
Procurement and Contract Governance Rules	Means this document, also referred to as the Rules.
Commissioning and Procurement Gateway Process	Means the Gateway process that provides the series of reports that are required by these Governance Rules.
PPAR	Planned Procurement Activity Report.
Public Sector Procurement Regulations (the Regulations)	Means Public Contract Regulations 2015 (as amended and/or any successor legislation).
Rules	Means the defined reference for The Procurement and Contract Governance Rules which form the Council's Procurement and Contract Standing Orders within the constitution, i.e. this document.
Scheme of Delegation	Means the Council's rules in respect of authorisations of spend in line with individual responsibilities of Officers and the elected Members of the Council.
Services	Means the provision of spend on Services for the Council as set out in public sector procurement Regulations.
Social Value	Means the duty on the Council to consider the Public Services (Social Value) Act 2012 when commissioning a public service to consider how the service that is being procured might bring added economic, environmental and social benefits.
Social Value Policy	Means the Council's formally adopted Social Value Policy setting out the approach to be adopted in applying Social Value in relation to spend with third parties.
Subsidy Control	Means State Subsidy as set out in the Subsidy Control Bill that sets out a legal framework and setting out conditions within which public authorities can provide subsidies to businesses. The Bill places an obligation on public authorities to consider seven subsidy control principles before granting a subsidy - <a href="https://www.gov.uk/government/collections/subsidy-control-bill">https://www.gov.uk/government/collections/subsidy-control-bill</a>
Supplies	Means the provision of spend on Supplier for the Council as set out in public sector procurement Regulations.
Teckal	As defined in the Public Contract Regulations 2015 (as amended and/or any successor legislation).

Terms and Conditions (Council)	Means the Council's formally agreed Terms and Conditions.
Thresholds	Means general spend thresholds related to spend with third parties.
Value for Money	Means optimum combination of whole-life cost and quality (or fitness for purpose) to meet the customer's requirement which includes consideration of Social Value.
Waiver	Means an agreed action to set aside a requirement or requirements as strictly set out within these Rules.
Waiver Procedure	Means the procedure to be undertaken to give consideration to whether a Waiver is granted to set aside a requirement or requirements as set out in these Rules.
Works	Means the provision spend on Works for the Council as set out in public sector procurement Regulations.



# Birmingham City Council

## Report to Cabinet

Date: 11<sup>th</sup> October 2022



**Subject:** NON-KEY DECISION PLANNED PROCUREMENT ACTIVITIES (NOVEMBER 2022 – JANUARY 2023)

**Report of:** ASSISTANT DIRECTOR – PROCUREMENT

**Relevant Cabinet Member:** Councillor Yvonne Mosquito, Finance and Resources

**Relevant O &S Chair(s):** Councillor Akhlaq Ahmed, Chair of Resources O & S

**Report author:** Steve Sandercock, Assistant Director, Procurement  
Email Address: [steve.sandercock@birmingham.gov.uk](mailto:steve.sandercock@birmingham.gov.uk)

Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, add Forward Plan Reference:		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential :		
3. Information relating to the financial or business affairs of any particular person (including the council)		

### 1 Executive Summary

- 1.1 This report provides details of the planned procurement activity for the period November 2022 – January 2023 which are not key decisions and all contract award decisions made under Chief Officer's delegation during the previous quarter. Planned procurement activities reported previously are not repeated in this report.

- 1.2 The report enables Cabinet to identify whether any reports for procurement activities should be brought to this meeting for specific executive decision, otherwise they will be dealt with under Chief Officer delegations up to the value of £500,000, unless TUPE applies to current Council staff.

- 1.3 Appendix 4 informs Cabinet of the contract award decisions made under Chief Officers delegation during the period April 2022 – June 2022.

## **2 Recommendations**

- 2.1 To note the planned procurement activities as set out in Appendix 1 and Chief Officer delegations, set out in the Constitution, for the subsequent decisions around procurement strategy and contract awards.
- 2.2 Notes the contract award decisions made under Chief Officers delegation during the period April 2022 – June 2022 as detailed in Appendix 4.

## **3 Background**

- 3.1 The report approved by Council Business Management Committee on 16 February 2016 set out the case for introducing this process.
- 3.2 At the 12<sup>th</sup> July 2022 meeting of Council changes to procurement governance were agreed which gives Chief Officers the delegated authority to approve procurement contracts up to the value of £500,000 for non-key decisions over the life of the contract. Where it is likely that the award of a contract will result in staff employed by the Council transferring to the successful contract under TUPE, the contract award decision has to be made by Cabinet.
- 3.3 In line with the Procurement and Contract Governance Rules that form part of the Council's Constitution, this report acts as the process to consult with and take soundings from Cabinet Members and the Resources Overview & Scrutiny Committee.
- 3.4 This report sets out the planned procurement activity over the next few months where the contract value is between the procurement threshold £177,897.50 (excluding VAT) and £500,000 (excluding VAT) for non-key decisions. This will give members visibility of all procurement activity within these thresholds and the opportunity to identify whether any procurement reports should be brought to Cabinet for approval even though they are below the £10m delegation threshold.
- 3.5 It should be noted that the procurement threshold has changed from £189,330 to £177,897.50 (excluding VAT) and applies from 1st January 2022 for a period of 2 years.
- 3.6 Individual procurements may be referred to Cabinet for an executive decision at the request of Cabinet, a Cabinet Member or the Chair of Resources Overview & Scrutiny Committee where there are sensitivities or requirements that necessitate a decision being made by Cabinet.
- 3.7 Procurements below £500,000 contract value that are not listed on this or subsequent monthly reports can only be delegated to Chief Officers if specific

approval is sought from Cabinet. Procurements above £10m contract value will still require an individual report to Cabinet in order for the award decision to be delegated to Chief Officers if appropriate.

- 3.8 A briefing note with details for each item to be procured is listed in Appendix 2. The financial information for each item is detailed in Appendix 3 – Exempt Information.

## **4 Options considered and Recommended Proposal**

- 4.1 The options considered are:

- To identify specific individual procurements as listed in appendix 1 for further consideration, along with clear reason(s) for such additional consideration, to Cabinet around the procurement strategy and contract award.
- To note the planned procurement activities for all the projects listed in appendix 1 and the Chief Officer delegations as set out in the Constitution, for the subsequent decisions around procurement strategy and contract awards.– this is the recommended option.

## **5 Consultation / Engagement**

- 5.1 This report to Cabinet is copied to Cabinet Support Officers and to Resources Overview & Scrutiny Committee and therefore is the process for consulting with relevant cabinet and scrutiny members. At the point of submitting this report Cabinet Members/ Resources Overview & Scrutiny Committee Chair have not indicated that any of the planned procurement activity needs to be brought back to Cabinet for executive decision.

## **6 Risk Management**

- 6.1 Members should note that in respect of any procurement projects which are sought to be referred back to Cabinet for further considerations these may impact on timescales around the delivery of those projects.
- 6.2 Details of Risk Management, Community Cohesion and Equality Act requirements will be set out in the individual reports.

## **7 Compliance Issues:**

### **7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?**

- 7.1.1 Details of how the contracts listed in Appendix 1 and Appendix 2 support relevant Council policies, plans or strategies, will be set out in the individual reports.

### **7.2 Legal Implications**

7.2.1 Members are reminded that as a Local Authority the Council has specific duties under public sector procurement, specifically the Public Contract Regulations 2015.

7.2.2 Specific details of any implications related to public sector procurement Regulations are set out- in the individual reports appended to this report.

### **7.3 Financial Implications**

7.3.1 Specific details of how decisions will be carried out within existing finances and resources will be set out in the individual reports.

7.3.2 Any cashable savings generated as a result of the procurement exercises are detailed in Appendix 2 to the delivery of procurement related savings and be removed from Directorate where identified in addition to the existing service area savings target as set out in the Medium Term Financial Plan (MTFP) in line with the principles to treatment of identified savings against third party contracts as agreed by CLT on 24th January 2022.

### **7.4 Procurement Implications (if required)**

7.4.1 As noted under the Legal Implications the Council has a duty to ensure that public sector procurement activity is in line with public sector legislation, specifically the Public Contracts Regulations 2015.

7.4.2 For each of the individual projects the specific procurement implications associated to the legislation are set out and detailed in the appendices

### **7.5 Human Resources Implications (if required)**

7.5.1 None.

### **7.6 Public Sector Equality Duty**

7.6.1 Details of Risk Management, Community Cohesion and Equality Act requirements will be set out in the individual reports which should also give consideration to application of Equality Impact Assessments in line with Council Policy

## **8 Background Documents**

8.1 List of Appendices accompanying this Report (if any):

- 1. Appendix 1 - Planned Procurement Activity November 2022 – January 2023
- 2. Appendix 2 – Background Briefing Paper
- 3. Appendix 3 – Exempt Information
- 4. Appendix 4 – Quarterly Awards Schedule (April 2022 – June 2022)



## **APPENDIX 1 – PLANNED PROCUREMENT ACTIVITIES (NOVEMBER 2022 – JANUARY 2023)**

No.	Type of Report	Title of Procurement	Ref	Brief Description	Contract Duration	Directorate	Portfolio Finance and Resources Plus	Finance Officer	Contact Name	Planned CO Decision Date
1	Strategy / Award	Pre-Employment Checks	TBC	An outsourced digitalised pre-employment check service provided by a third party. This includes Right To Work, References, DBS and all associated checks required for employment with BCC.	2 years	Council Management	Finance and Resources	Lee Bickerton	Sherrie Watkins / Richard Tibbatts	21/11/2022

### **Notification of Minor Amendments**

This appendix notes there is an amendment to the brief description and contract duration previously agreed by Cabinet on 6<sup>th</sup> September 2022. The change to the revised PPAR highlights the changes made to the original and revised PPAR items below for reference.

No.	Type of Report	Title of Procurement	Ref	Brief Description	Contract Duration	Directorate	Portfolio Finance and Resources Plus	Finance Officer	Contact Name	Planned CO Decision Date
1	Approval to Tender Strategy	Technology Enabled Care (TEC) Support Service Specification	TBC	<del>The aim of the procurement is for a one single, consolidated learning management system that provides a comprehensive learning offer to its employees whilst also having the ability to trade the same offer with a level of reporting to an external audience.</del> To support the creation and development of a transformational TEC service for Birmingham. The service required will involve working closely with Council colleagues and experts by experience and includes revising the TEC commissioning strategy, undertaking market engagement and the creation of a robust service specification to share with the market to procure a transformational TEC service for Birmingham.	<del>1 year, 6 months</del> 1 year with option to extend for a further 1 year	Adult Social Care	Health and Social Care	Andrew Healey	Julie Harrison / Marie Kennedy	01/11/2022

## APPENDIX 2

### BRIEFING NOTE ON PLANNED PROCUREMENT ACTIVITIES CABINET – 11<sup>th</sup> October 2022

Title of Contract	Pre-Employment Checks
<b>Contact Officers</b>	<b>Director / Assistant Director:</b> Darren Hockaday, Director of HR and Organisation Development <b>Client Officer:</b> Sherrie Watkins, HR Services Manager <b>Procurement Officer:</b> Richard Tibbatts, Head of Category - Corporate
Briefly describe the service required	<p>An outsourced digitalised pre-employment check service provided by a third party. This includes Right To Work, References, DBS and all associated checks required for employment with the Council.</p> <p>Right To Work Checks are moving to a digital solution as from 1<sup>st</sup> October and removing the opportunity for online checks to remain, in response to Covid-19. In the event that we do not move to a digitalised solution, face to face right to work checks will need to take place for all line managers. Reverting to this approach, based on NwOW potentially opens up further risk of pre-employment checks not carried out in line with our statutory obligations, particularly relating to Right To Work. It is a legal requirement that monitoring, controls and reporting for Right To Work and other pre-employment checks may potentially result in statutory fines up to £20,000 in the event that BCC have employed an illegal worker and unable to use our “statutory excuse” as part of the defence due to the check not taking place prior to employment.</p> <p>Procuring a digitalised service delivery will mitigate organisational risks. Ownership of all checks remains with the candidate and the recruitment team. The line manager will no longer be expected to carry out Right To Work checks.</p>
What is the proposed procurement route?	The proposed route to market will be via G Cloud Framework.
What are the existing arrangements? Is there an existing contract? If so when does that expire?	At present the service is done in house via line managers which presents a risk to the council in relation to appropriate checks being carried out correctly and in line with new legislative requirements. Failure to have appropriate systems and checks in place can results in significant fines and possible imprisonment. In procuring a new service delivery approach we will mitigate the risks.
Will any savings be generated?	No cashable savings will be generated by this project.
Has the In-House Preferred Test been carried out?	This requirement is currently undertaken by internally by line managers which can create a risk of errors. With the implementation of the new legislation outsourcing this service will eliminate these current risks.
How will this service assist with the Council’s commitments to Route to Zero?	There will be no detrimental impact on the City’s carbon emissions as result of implementing this new service.
How do these activities assist the Council with Everybody’s Battle; Everybody’s Business?	This will ensure that the organisation is adhering to its legal obligation in ensuring appropriate pre-employment checks are in place.
Is the Council under a statutory duty to provide this service? If not, what is the justification for providing it?	Whilst there is not a statutory duty to provide a digital service, there is a statutory requirement to ensure all pre-employment checks are carried out, in particular statutory obligations related to Immigration to deliver controls, monitoring and reporting are in place.

What budget is the funding from for this service?	This is funded from the People Services budget.
Proposed start date and duration of the new contract	The proposed start date is November 2022 for a period of 2 years.

### **NO CHANGE FROM PREVIOUS PPAR**

<b>Title of Contract</b>	<b>Technology Enabled Care (TEC) Support Service Specification</b>
Director / Assistant Director	<b>Director:</b> Graeme Betts, Corporate Director - Adult Social Care <b>Client Officer:</b> Michael Walsh and Julie Harrison, Commissioning – Adult Social Care <b>Procurement Officer:</b> Marie Kennedy, Sub Category Manager
Briefly describe the service required	To support the creation and development of a transformational TEC service for Birmingham. The service required will involve working closely with Council colleagues and experts by experience and includes revising the TEC commissioning strategy, undertaking market engagement and the creation of a robust service specification to share with the market to procure a transformational TEC service for Birmingham.  The appropriate use of TEC can positively change the way services are provided offering greater choice to the person, improving their ability to live independently at home and by meeting their agreed outcomes and improving confidence, whilst also providing assurance to their family and unpaid carer that they are living well.
What is the proposed procurement route?	A procurement process will be undertaken advertised on Find a Tender, Contracts Finder and <a href="http://www.finditinbirmingham.com">www.finditinbirmingham.com</a>
What are the existing arrangements? Is there an existing contract? If so when does that expire?	This is a new requirement.
Will any savings be generated?	Changes can be realised in the way care plans are provided to meet the needs of the person by reducing the need for more formal care plans or services, such as residential care, which could generate savings.  Other Councils (Hampshire, Suffolk and Dorset) have identified savings by introducing a transformed TEC service. However, it is important to note the key driver for TEC is to improve outcomes for our citizens and enable them to thrive.
Has the In-House Preferred Test been carried out?	Yes, however there is a very small TEC team in ASC and this team is focused on the current TEC delivery. The introduction of much needed additional skills, knowledge, ability to add value and provide much needed capacity around the use of technology enabled care across the UK would be really beneficial in ensuring a transformational TEC service is procured for Birmingham.
How will this service assist with the Council's commitments to Route to Zero?	TEC can enable remote monitoring in a person's home and therefore reduce the number of journeys to a person's property as dashboards of activity can be reviewed by both the practitioner and their family and some systems can also provide two-way communication reducing the need to visit, if this is not required.
Is the Council under a statutory duty to provide this service? If not, what is the justification for providing it?	The provision of the council to undertake assessed care plans is a statutory requirement. The introduction of TEC can change the way we currently provide these care plans and can enable people to remain independent at home with the right support, for as long as possible. It is widely known that by enabling the citizen to live in their own home has a positive impact both on their outcomes

	and can alter the services that they require to ensure that they are adequately supported and live well.
What budget is the funding from for this service?	This is funded from Better Care Transformation Fund.
Proposed start date and duration of the new contract	The proposed start date is November 2022 for a period of 1 year, plus the option to extend for a further year, based on the availability of funding and innovative performance during the first year.

## APPENDIX 4 - QUARTERLY CONTRACT AWARD SCHEDULE (APRIL 2022 – JUNE 2022)

Type of Report	Title of Procurement	Ref	Brief Description	Contract Duration	Directorate	Portfolio Finance and Resources	Finance Officer	Contact Name	Comments - including any request from Cabinet Members for more details	Contractor(s) Awarded to	Value of Contracts	Chief Officer	Actual Go Live date
Delegated Award Report	Private Finance Initiative (PFI) Savings Identification	P0826	A saving initiative to identify benefits realisation across portfolio of education PFIs:- □ School Contribution Parity Across the whole School Estate □ Benchmarking/Market testing Public Private Partnership2 & Building Schools for the Future Contracts □ Insurance Gain Share Maximised Returns □ Soft Services Removal □ Additional Hours removal □ Lifecycle Remodelling and Furniture Fixtures and Equipment removal Refinancing	Up to 4 years	Education and Skills	Education of Children and Young People	Clare Sandland	Nadia Majid Carol Woodfield	Presented to Cabinet for info 07/09/2021. Approval to Tender Strategy signed 26/11/2021 and delegated the award to CO. Delegated Award Report signed 21/04/2022.	Inscyte Limited	£400,000	Steve Sandercock/ Sue Harrison	01/05/2022
Delegated Award Report	Afghan citizens resettlement scheme and Afghan relocation and assistance policy - Birmingham Pledge		Afghan citizens resettlement scheme and Afghan relocation and assistance policy - Birmingham Pledge	up to 2 years	Adults Social Care	Health and Social Care	Andrew Healey	Natasha Bhandal / Marie Kennedy	Approval to enter into single contractor negotiations was authorised via Cabinet on 27th July 2021 Afghan Interpreters Relocation Scheme Report – Cabinet 27th July 2021). Delegated Award Report signed 21/04/2022.	Refugee Action	£435,061	Graeme Betts / Steve Sandercock	
Delegated Extension Award	Contract Extension for School Health Support Services		City wide service which covers all children, young people and their families where the child or young person is enrolled to attend a Birmingham mainstream school within the local authority boundary.	up to 2 years	Children & Families	Education of Children and Young People	Lee Bickerton	Brianne Thomas	Cabinet approved the Approval to Tender Strategy Report on 11/12/2018 and delegated the award to CO. Delegated Contract Award Report signed 26/04/2019. Delegated Extension Award Report signed 27/05/2022.	Civica UK Ltd	£289,245	Cheryl Doran/Steve Sandercock	01/07/2022
Strategy / Award	Property Advice for the Druids Heath Regeneration Scheme	P0908	To provide advice on property and estate services.	2 years	Place, Prosperity and Sustainability		Andrew Healey	Debbie Greenhill / Charlie Short	Cabinet approved the procurement strategy for this project in the Druids Heath Regeneration report dated 21st December 2021 and delegated the award to CO. Delegated Award Report signed 27/06/2022.	Gerald Eve LLP	£230,000	Paul Kitson/ Steve Sandercock	28/06/2022





## Resources O&S Committee: Work Programme 2022/23

<b>Chair</b>	Councillor Akhlaq Ahmed
<b>Deputy Chair</b>	Councillor Bushra Bi
<b>Committee Members:</b>	Councillors Meirion Jenkins, Rashad Mahmood, Hendrina Quinnen, Sybil Spence, Paul Tilsley and Ken Wood
<b>Committee Support:</b>	Senior Overview and Scrutiny Manager: Fiona Bottrill (07395 884487) Scrutiny Officer: Jayne Bowles (303 4810) Committee Manager: Mandeep Marwaha (303 5950)

### 1 Introduction

- 1.1 The remit of the Resources O&S Committee is 'to fulfil the functions of an Overview and Scrutiny Committee as they relate to any policies, services and activities concerning finance (including strategic finance, budget setting and financial monitoring); revenues and benefits; treasury management; council land use and property assets; human resources; contracting, commissioning and commercialisation'.
- 1.2 This report provides details of the proposed scrutiny work programme for 2022/23.

### 2 Recommendation

- 2.1 That the Committee considers its work programme, attached at Appendix 1, and considers whether any amendments are required.

### 3 Background

- 3.1 *"Scrutiny is based on the principle that someone who makes a decision...should not be the only one to review or challenge it. Overview is founded on the belief that an open, inclusive, member-led approach to policy review...results in better policies in the long run."* (Jessica Crowe, former Executive Director, Centre for Governance and Scrutiny).
- 3.2 Developing an effective work programme is the bedrock of an effective scrutiny function. Done well, it can help lay the foundations for targeted, inclusive and timely work on issues of local importance, where scrutiny can add value. Done poorly, scrutiny can end up wasting time and resources on issues where the impact of any scrutiny work done is likely to be minimal.
- 3.3 As a result, the careful selection and prioritisation of work is essential if the scrutiny function is to be successful, add value and retain credibility.



## 4 Work Programme

- 4.1 Appendix 1 sets out the future work programme for this Committee. This provides information on the aims and objectives, together with lead officers and witnesses, for each item. The attached work programme also includes items to be programmed where dates are still to be confirmed, and any outstanding items including the tracking of previous recommendations.
- 4.2 The following two issues have been recommended by Co-ordinating O&S Committee for this committee to consider and have been added to the list of items to be scheduled in Appendix 1:
- Cost of Living Crisis – financial implications for the Council;
  - Diversity and Inclusion Dashboard - following publication in February 2023 – to monitor workforce data and identify progress against workforce equality indicators.

## 5 Other Meetings

- 5.1 There are no other meetings scheduled at this time.

### **Call in Meetings:**

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*None scheduled*

### **Petitions**

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*None scheduled*

### **Councillor Call for Action requests**

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*None scheduled*

It is suggested that the Committee approves Thursday at 2.00pm as a suitable day and time each week for any additional meetings required to consider 'requests for call in' which may be lodged in respect of Executive decisions

## 6 Forward Plan for Cabinet Decisions

- 6.1 Since the implementation of the Local Government Act and the introduction of the Forward Plan, scrutiny members have found the Plan to be a useful tool in identifying potential agenda items.
- 6.2 The following decisions, extracted from the CMIS Forward Plan of Decisions, are likely to be relevant to the Resources O&S Committee's remit. The Panel may wish to consider whether any of these issues require further investigation or monitoring via scrutiny. The Forward Plan can be viewed in full via Forward Plans ([cmis.uk.com](https://cmis.uk.com)).





<b>ID Number</b>	<b>Title</b>	<b>Portfolio</b>	<b>Proposed Date of Decision</b>
010142/2022	Medium Term Financial Plan (MTFP) Refresh	n/a	11 Oct 22
010454/2022	Sexual Health Services Commissioning and Procurement Plan	Health and Social Care	11 Oct 22
010523/2022	Financial Monitoring Report Month 5 2022/23	Finance and Resources	11 Oct 22
010572/2022	Key Decision Planned Procurement Activities (November 2022-January 2023) and Quarterly Contract Award Schedule (April 2022-June 2022)	Finance and Resources	11 Oct 22
010138/2022	Financial Monitoring Report Quarter 2 2022/23	n/a	08 Nov 22
010196/2022	Housing Repairs, Maintenance and Investment 2024	Housing and Homelessness	08 Nov 22
010421/2022	Highways Maintenance and Management PFI Contract (A)	Transport	08 Nov 22
009663/2022	Promotion of Council Owned Land within Bromsgrove	Leader	13 Dec 22
007349/2020	Waste Vehicle Replacement Programme	Environment	13 Dec 22
010414/2023	Highways Maintenance and Management PFI Contract (B)	Transport	17 Jan 23
010445/2023	Council Tax Tax-base for 2023/24	Finance and Resources	17 Jan 23
010446/2023	Business Rates Income 2023/24	n/a	17 Jan 23
010139/2023	Financial Monitoring Report Quarter 3 2022/23	Finance and Resources	14 Feb 23

## 7 Legal Implications

7.1 There are no immediate legal implications arising from this report.

## 8 Financial Implications

8.1 There are no financial implications arising from the recommendations set out in this report.

## 9 Public Sector Equality Duty

9.1 The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:



- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

9.2 The Committee should ensure that it addresses these duties by considering them during work programme development, the scoping of work, evidence gathering and making recommendations. This should include considering: How policy issues impact on different groups within the community, particularly those that share a relevant protected characteristic; Whether the impact on particular groups is fair and proportionate; Whether there is equality of access to services and fair representation of all groups within Birmingham; Whether any positive opportunities to advance equality of opportunity and/or good relations between people are being realised.

9.3 The Committee should ensure that equalities comments, and any recommendations, are based on evidence. This should include demographic and service level data and evidence of residents/service-users views gathered through consultation.

## 10 Use of Appendices

10.1 Appendix 1 – Work Programme for 2022/2023

## APPENDIX 1

### RESOURCES OVERVIEW AND SCRUTINY COMMITTEE 2022-23 WORK PROGRAMME

Date of Meeting: Thursday 28<sup>th</sup> July 2022

Item/ Topic	Type of Scrutiny	Aims and Objectives	Lead Officer	Witnesses	Visits	Additional Information (Including joint working / links with other O&S Committees)
Financial Monitoring Q1 2022/23	Monitoring Report	Scrutiny of current financial position	Rebecca Hellard, Director of Council Management	Rebecca Hellard, Director of Council Management Sara Pitt, Director of Finance	None Required	
Planned Procurement Activities Report	Standing Item	To note the Cabinet report (considered on 26 July) on planned procurement activity.	Steve Sandercock, Assistant Director, Procurement	Steve Sandercock, Assistant Director, Procurement	None Required	
Work Programme Development	Decision	Approve work programme for 2022-23	Fiona Bottrill, Senior Overview and Scrutiny Manager	None	None Required	

Final Deadline: Tuesday 19<sup>th</sup> July 2022

Publication: Wednesday 20<sup>th</sup> July 2022

**Date of Meeting: Thursday 8<sup>th</sup> September 2022**

Item/ Topic	Type	Aims and Objectives	Lead Officer	Witnesses	Visits	Additional Information
Cabinet Member for Finance and Resources	Update report	Provide a summary of Cabinet Member priorities for 2022-23, and identifying opportunities for O&S to add value	Jon Lawton, Cabinet Support Officer	Councillor Yvonne Mosquito, Cabinet Member for Finance and Resources	None Required	
Financial Monitoring 2022/23	Monitoring Report	Scrutiny of current financial position	Rebecca Hellard, Director of Council Management	Rebecca Hellard, Director of Council Management Sara Pitt, Director of Finance	None Required	
Long Term Debt Strategy	Update report	To inform members of the Council's strategy to deal with long term debt	Rebecca Hellard, Director of Council Management	Mohammed Sajid, Interim Head of Financial Strategy	None Required	
Planned Procurement Activities Report	Standing Item	To note the latest Cabinet report on planned procurement activity.	Steve Sandercock, Assistant Director, Procurement	Steve Sandercock, Assistant Director, Procurement	None Required	
Work Programme Development	Decision	Approve work programme for 2022-23	Fiona Bottrill, Senior Overview and Scrutiny Manager	None	None Required	

**Final Deadline: Tuesday 30<sup>th</sup> August 2022**

**Publication: Wednesday 31<sup>st</sup> August 2022**

**Date of Meeting: Thursday 6<sup>th</sup> October 2022**

Item/ Topic	Type	Aims and Objectives	Lead Officer	Witnesses	Visits	Additional Information
Financial Monitoring 2022/23	Monitoring Report	Scrutiny of current financial position	Rebecca Hellard, Director of Council Management	Rebecca Hellard, Director of Council Management Sara Pitt, Director of Finance	None Required	
Implementation of Oracle	Update Report	To inform members of the implementation of the Oracle system	Rebecca Hellard, Director of Council Management	Rebecca Hellard, Director of Council Management James Couper, ERP Programme Director	None Required	
Progress Report on Implementation: Procurement Governance Arrangements	Tracking Report	To monitor progress on delivery of the recommendations	Steve Sandercock, Assistant Director, Procurement	Steve Sandercock, Assistant Director, Procurement	None Required	
Planned Procurement Activities Report	Standing Item	To note the latest Cabinet report on planned procurement activity.	Steve Sandercock, Assistant Director, Procurement	Steve Sandercock, Assistant Director, Procurement	None Required	
Work Programme Development	Decision	Approve work programme for 2022-23	Fiona Bottrill, Senior Overview and Scrutiny Manager	None	None Required	

**Final Deadline: Tuesday 27<sup>th</sup> September 2022**

**Publication: Wednesday 28<sup>th</sup> September 2022**

**Date of Meeting: Thursday 17<sup>th</sup> November 2022**

Item/ Topic	Type	Aims and Objectives	Lead Officer	Witnesses	Visits	Additional Information
Progress Report on Implementation: Council-owned Assets	Tracking Report	To monitor progress on delivery of the recommendations	Rebecca Grant, Cabinet Support Officer	Councillor Ian Ward, Leader Kathryn James, Assistant Director, Inclusive Growth	None Required	Economy and Skills OSC members to be invited to the meeting for this item
Cabinet Member for Social Justice, Community Safety and Equalities	Update Report	Provide a summary of Cabinet Member priorities for 2022-23, and identifying opportunities for O&S to add value	Marcia Wynter, Cabinet Support Officer	Councillor John Cotton, Cabinet Member for Social Justice, Community Safety and Equalities	None Required	
Financial Monitoring 2022/23	Monitoring report	Scrutiny of current financial situation	Rebecca Hellard, Director of Council Management	Rebecca Hellard, Director of Council Management Sara Pitt, Director of Finance	None Required	
Planned Procurement Activities Report	Standing Item	To note the latest Cabinet report on planned procurement activity.	Steve Sandercock, Assistant Director, Procurement	Steve Sandercock, Assistant Director, Procurement	None Required	
Work Programme Development	Decision	Approve work programme for 2022-23	Fiona Bottrill, Senior Overview and Scrutiny Manager	None	None Required	

**Final Deadline: Tuesday 8<sup>th</sup> November 2022**

**Publication: Wednesday 9<sup>th</sup> November 2022**

**Date of Meeting: Thursday 22<sup>nd</sup> December 2022**

Item/ Topic	Type	Aims and Objectives	Lead Officer	Witnesses	Visits	Additional Information
Financial Monitoring 2022/23	Monitoring report	Scrutiny of current financial position	Rebecca Hellard, Director of Council Management	Rebecca Hellard, Director of Council Management Sara Pitt, Director of Finance	None Required	
Planned Procurement Activities Report	Standing Item	To note the latest Cabinet report on planned procurement activity.	Steve Sandercock, Assistant Director, Procurement	Steve Sandercock, Assistant Director, Procurement	None Required	
Work Programme Development	Decision	Approve work programme for 2022-23	Fiona Bottrill, Senior Overview and Scrutiny Manager	None	None Required	

**Final Deadline: Tuesday 13<sup>th</sup> December 2022**

**Publication: Wednesday 14<sup>th</sup> December 2022**

**Date of Meeting: Thursday 19<sup>th</sup> January 2023**

<b>Item/ Topic</b>	<b>Type</b>	<b>Aims and Objectives</b>	<b>Lead Officer</b>	<b>Witnesses</b>	<b>Visits</b>	<b>Additional Information</b>
Financial Monitoring 2022/23	Monitoring report	Scrutiny of current financial position	Rebecca Hellard, Director of Council Management	Rebecca Hellard, Director of Council Management Sara Pitt, Director of Finance	None Required	
Budget Scrutiny	Consultation	Scrutiny to respond to Budget Consultation	Rebecca Hellard, Director of Council Management	Rebecca Hellard, Director of Council Management Sara Pitt, Director of Finance	None Required	
Planned Procurement Activities Report	Standing Item	To note the latest Cabinet report on planned procurement activity.	Steve Sandercock, Assistant Director, Procurement	Steve Sandercock, Assistant Director, Procurement	None Required	
Work Programme Development	Decision	Approve work programme for 2022-23	Fiona Bottrill, Senior Overview and Scrutiny Manager	None	None Required	

**Final Deadline: Tuesday 10<sup>th</sup> January 2022**

**Publication: Wednesday 11<sup>th</sup> January 2022**



**Date of Meeting: Thursday 2<sup>nd</sup> March 2023**

<b>Item/ Topic</b>	<b>Type</b>	<b>Aims and Objectives</b>	<b>Lead Officer</b>	<b>Witnesses</b>	<b>Visits</b>	<b>Additional Information</b>
Financial Monitoring 2022/23	Monitoring report	Scrutiny of current financial position	Rebecca Hellard, Director of Council Management	Rebecca Hellard, Director of Council Management Sara Pitt, Director of Finance	None Required	
Planned Procurement Activities Report	Standing Item	To note the latest Cabinet report on planned procurement activity.	Steve Sandercock, Assistant Director, Procurement	Steve Sandercock, Assistant Director, Procurement	None Required	
Work Programme Development	Decision	Approve work programme for 2022-23	Fiona Bottrill, Senior Overview and Scrutiny Manager	None	None Required	

**Final Deadline: Tuesday 21<sup>st</sup> February 2022**

**Publication: Wednesday 22<sup>nd</sup> February 2022**

**Date of Meeting: Thursday 30<sup>th</sup> March 2023**

<b>Item/ Topic</b>	<b>Type</b>	<b>Aims and Objectives</b>	<b>Lead Officer</b>	<b>Witnesses</b>	<b>Visits</b>	<b>Additional Information</b>
Financial Monitoring 2022/23	Monitoring Report	Scrutiny of current financial position	Rebecca Hellard, Director of Council Management	Rebecca Hellard, Director of Council Management Sara Pitt, Director of Finance	None Required	
Planned Procurement Activities Report	Standing Item	To note the latest Cabinet report on planned procurement activity.	Steve Sandercock, Assistant Director, Procurement	Steve Sandercock, Assistant Director, Procurement	None Required	
Work Programme Development	Decision	Approve work programme for 2022-23	Fiona Bottrill, Senior Overview and Scrutiny Manager	None	None Required	

**Final Deadline: Tuesday 21<sup>st</sup> March 2022**

**Publication: Wednesday 22<sup>nd</sup> March 2022**

**Date of Meeting: Thursday 27<sup>th</sup> April 2022**

<b>Item/ Topic</b>	<b>Type</b>	<b>Aims and Objectives</b>	<b>Lead Officer</b>	<b>Witnesses</b>	<b>Visits</b>	<b>Additional Information</b>
Financial Monitoring 2022/23	Monitoring Report	Scrutiny of current financial position	Rebecca Hellard, Director of Council Management	Rebecca Hellard, Director of Council Management Sara Pitt, Director of Finance	None Required	
Planned Procurement Activities Report	Standing Item	To note the latest Cabinet report on planned procurement activity.	Steve Sandercock, Assistant Director, Procurement	Steve Sandercock, Assistant Director, Procurement	None Required	
Work Programme Development	Decision	Approve work programme for 2022-23	Fiona Bottrill, Senior Overview and Scrutiny Manager	None		

**Final Deadline: Tuesday 18<sup>th</sup> April 2022**

**Publication: Wednesday 19<sup>th</sup> April 2022**

**TO BE SCHEDULED:**

**Items suggested for the work programme:**

- Impact of Universal Credit roll out on the Council and understanding of residents' housing costs / needs and implications for the cost of living crisis.
- Financial implications of the Council's approach to early intervention for the Council's finances and budget, including proposal to bring enforcement into Council service.
- Management of the Council's budget deficit
- Delivering Best in Class Services in Finance, Resources and HR: What are current base lines and how will progress be measured? Examples of other Best in Class services / organisations in relation to finance, resources and human resources.
- Implementation of Digital Strategy
- Outcome of the CIPFA Budget Sufficiency Review of Education and Skills Directorate (now the Children and Families Directorate)
- Use of consultants
- Section 106 and CLIL - policy and procedure

**The following two issues have been recommended by Co-ordinating O&S Committee for consideration by this committee:**

- Cost of Living Crisis – financial implications for the Council;
- Diversity and Inclusion Dashboard - following publication in February 2023 – to monitor workforce data and identify progress against workforce equality indicators.